

MICHIGAN DEPARTMENT OF TRANSPORTATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 1999 & 1998

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**MICHIGAN DEPARTMENT OF TRANSPORTATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 1999**

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Statements and schedules are rounded to thousands of dollars. Because of this, they may not add to the totals.

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STATE OF MICHIGAN



JOHN ENGLER, GOVERNOR

DEPARTMENT OF TRANSPORTATION

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PHONE: 517-373-2090 FAX: 517-373-0167 WEB SITE: <http://www.mdot.state.mi.us>
JAMES R. DeSANA, DIRECTOR

March 27, 2000

State Transportation Commission
and
James R. DeSana, Director
Michigan Department of Transportation

I am pleased to submit the Comprehensive Annual Financial Report for the Michigan Department of Transportation (Department) for the fiscal years ended September 30, 1998 and 1999. This report is prepared in accordance with generally accepted accounting principles (GAAP). In addition, this report is in compliance with Department of Management and Budget, Administrative Manual Policy 2-2-220, which requires state agencies issuing financial reports to be consistent with the State of Michigan Comprehensive Annual Financial Report (SOMCAFR).

This report is prepared by the Bureau of Finance and Administration which is responsible for both the accuracy of the data and the completeness and fairness of the presentation. The data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of the Department's operations. All disclosures necessary to enable the reader to gain a reasonable understanding of the Department's financial affairs are included.

REPORTING STANDARDS AND PRESENTATION

Method of Presentation

This report uses the "reporting pyramid" approach endorsed by the Governmental Accounting Standards Board (GASB). The pyramid does not provide a consolidated department financial statement. Rather, it combines funds with similar accounting objectives in columns of fund types. The statements which reflect these combined fund type columns, together with the related footnotes, are referred to as the "General Purpose Financial Statements."

Following the General Purpose Financial Statements are the combining financial statements, schedules, and statistical data. These statements and schedules provide detail, by fund, for the amounts shown in the fund type columns in the General Purpose Financial Statements. The term "Comprehensive Annual Financial Report" is used to describe all of the data presented in this report.

Budgetary Reporting

Public Act 431 of 1984 requires the state to adhere to GAAP in calculating fund balance for budgetary purposes. The budgetary basis departs from GAAP only in ways that do not affect unreserved fund balance. Two departures are the use of encumbrances, which GAAP does not require, and the funding of capital lease commitments on a "pay as you go" basis, rather than at lease inception. Compliance with the final updated budget for the annually budgeted operating funds is demonstrated in the budget to actual comparative statements.

CONCLUSION

I wish to express my appreciation to the many people whose dedicated efforts made possible the preparation of this report. I believe their combined efforts have produced a report that will enable decision makers and concerned citizens to better understand and evaluate the Department's financial condition.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne R. Niles", with a stylized, flowing script.

Wayne R. Niles, Deputy Director
Bureau of Finance and Administration



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II. FINANCIAL SECTION

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1999 and 1998
 (In Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES				ACCOUNT GROUPS				TOTALS (Memorandum Only)	
	SPECIAL REVENUE		DEBT SERVICE		TRUST FUNDS		AGENCY FUNDS		GENERAL FIXED ASSETS		GENERAL LONG-TERM OBLIGATIONS		1999 1998	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
ASSETS														
Current Assets:														
Cash and cash equivalents.....	\$ 36	\$ 30	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 36	\$ 30
Equity in Common Cash.....	610,553	633,426	--	13	4,410	--	119	1,388	--	--	--	--	615,083	634,827
Receivables:														
Taxes, interest, and penalties (at net).....	99,866	93,952	--	--	--	--	--	--	--	--	--	--	99,866	93,952
Federal aid.....	96,621	200,965	--	--	16,760	25,627	126	77	--	--	--	--	113,507	226,669
Local units.....	22,376	30,820	--	--	10,180	7,052	--	--	--	--	--	--	32,555	37,873
Other funds and Components.....	66,962	60,141	--	--	--	--	--	--	--	--	--	--	66,962	60,141
Miscellaneous.....	9,358	10,426	--	--	67	1	--	--	--	--	--	--	9,426	10,427
Inventories.....	8,568	9,800	--	--	--	--	--	--	--	--	--	--	8,568	9,800
Total Current Assets.....	914,340	1,039,560	--	13	31,417	32,680	246	1,465	--	--	--	--	946,003	1,073,718
Noncurrent Assets:														
Receivables:														
Taxes.....	753	449	--	--	--	--	--	--	--	--	--	--	753	449
Federal aid.....	449	107	--	--	--	--	--	--	--	--	--	--	449	107
Local units.....	34,251	29,486	--	--	--	--	--	--	--	--	--	--	34,251	29,486
Advances to other funds.....	33,642	35,142	--	--	--	--	--	--	--	--	--	--	33,642	35,142
Land contracts.....	3,653	3,300	--	--	--	--	--	--	--	--	--	--	3,653	3,300
Miscellaneous.....	1,440	1,542	--	--	--	--	--	--	--	--	--	--	1,440	1,542
Property, plant and equipment.....	--	--	--	--	--	--	--	--	206,988	203,384	--	--	206,988	203,384
Amount to be provided for bond retirement.....	--	--	--	--	--	--	--	--	--	--	858,941	894,010 *	858,941	894,010
Amount provided for other long-term obligations.....	--	--	--	--	--	--	--	--	--	--	37,520	44,167	37,520	44,167
Total Noncurrent Assets.....	74,187	70,026	--	--	--	--	--	--	206,988	203,384	896,462	938,177	1,177,636	1,211,588
Total Assets.....	\$ 988,528	\$ 1,109,586	\$ --	13	\$ 31,417	\$ 32,680	\$ 246	\$ 1,465	\$ 206,988	\$ 203,384	\$ 896,462	\$ 938,177	\$ 2,123,641	\$ 2,285,306
LIABILITIES AND FUND BALANCES														
Current Liabilities:														
Warrants outstanding.....	\$ 23,598	\$ 26,119	\$ --	\$ 3	\$ 4,013	\$ 5,155	\$ 57	\$ 28	\$ --	\$ --	\$ --	\$ --	\$ 27,668	\$ 31,305
Accounts payable.....	389,203	371,178	--	10	23,292	16,751	189	1,437	--	--	--	--	412,684	389,377
Contract reserve payable.....	10,762	10,037	--	--	3,643	3,332	--	--	--	--	--	--	14,405	13,369
Due to other funds and Components.....	66,649	60,864	--	--	--	7,442	--	--	--	--	--	--	66,649	68,305
Deposits, permits and other liabilities.....	2,392	5,264	--	--	--	--	--	--	--	--	--	--	2,392	5,264
Deferred revenue.....	6,615	5,454	--	--	469	--	--	--	--	--	--	--	7,084	5,454
Total Current Liabilities.....	499,219	478,915	--	13	31,417	32,680	246	1,465	--	--	--	--	530,882	513,073
Long-Term Liabilities:														
Deferred revenue.....	15,541	12,994	--	--	--	--	--	--	--	--	--	--	15,541	12,994
Advances from other funds.....	33,642	35,142	--	--	--	--	--	--	--	--	--	--	33,642	35,142
Bonds and notes payable.....	--	--	--	--	--	--	--	--	--	--	858,941	894,010 *	858,941	894,010
Other long term liabilities.....	--	--	--	--	--	--	--	--	--	--	37,520	44,167	37,520	44,167
Total Liabilities.....	548,402	527,050	--	13	31,417	32,680	246	1,465	--	--	896,462	938,177	1,476,527	1,499,386
Fund Balance:														
Investment in general fixed assets.....	--	--	--	--	--	--	--	--	206,988	203,384	--	--	206,988	203,384
Reserved for encumbrances.....	62,311	51,313	--	--	--	--	--	--	--	--	--	--	62,311	51,313
Reserved for unencumbered restricted revenue balances.....	87,716	185,943	--	--	--	--	--	--	--	--	--	--	87,716	185,943
Reserved for unencumbered capital outlay and work projects.....	148,572	216,254	--	--	--	--	--	--	--	--	--	--	148,572	216,254
Reserved for construction and debt service.....	35,905	--	--	--	--	--	--	--	--	--	--	--	35,905	--
Reserved for revolving funds.....	11,650	9,014	--	--	--	--	--	--	--	--	--	--	11,650	9,014
Reserved for noncurrent assets and airport loans.....	34,905	29,594	--	--	--	--	--	--	--	--	--	--	34,905	29,594
Total Reserves.....	381,058	492,118	--	--	--	--	--	--	206,988	203,384	--	--	588,046	695,503
Unreserved.....	59,067	90,417	--	--	--	--	--	--	--	--	--	--	59,067	90,417
Total Fund Balances.....	440,125	582,536	--	--	--	--	--	--	206,988	203,384	--	--	647,113	785,920
Total Liabilities and Fund Balances.....	\$ 988,528	\$ 1,109,586	\$ --	13	\$ 31,417	\$ 32,680	\$ 246	\$ 1,465	\$ 206,988	\$ 203,384	\$ 896,462	\$ 938,177	\$ 2,123,641	\$ 2,285,306

The accompanying notes are an integral part of the financial statements.

*Figure changed to reflect Note 4.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FISCAL YEARS ENDED SEPTEMBER 30, 1999 and 1998
 (In Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES		TOTALS (Memorandum Only)	
	SPECIAL REVENUE		DEBT SERVICE		TRUST FUNDS		1999	1998
	1999	1998	1999	1998	1999	1998	1999	1998
REVENUES								
Taxes.....	\$ 1,847,841	\$ 1,754,700	\$ --	\$ --	\$ --	\$ --	\$ 1,847,841	\$ 1,754,700
License and permits.....	75,995	79,607	--	--	--	--	75,995	79,607
Federal aid.....	614,133	576,546	--	--	115,884	96,043	730,018	672,589
Local participation.....	56,601	44,213	--	--	43,096	30,044	99,697	74,257
Interest earnings.....	29,500	32,602	--	--	--	--	29,500	32,602
Non-operating revenue-bridges.....	2,400	2,094	--	--	--	--	2,400	2,094
Miscellaneous revenue.....	36,205	35,853	2	1	48	23	36,255	35,877
Total Revenues.....	2,662,676	2,525,615	2	1	159,028	126,111	2,821,705	2,651,727
EXPENDITURES								
Administration and Operations:								
Administration and maintenance.....	335,991	296,443	--	--	--	--	335,991	296,443
Bus operating assistance grants.....	161,627	169,206	--	--	--	--	161,627	169,206
Other grants.....	1,055,116	1,021,851	--	--	--	--	1,055,116	1,021,851
Airport development.....	77,803	65,489	--	--	--	--	77,803	65,489
Non-operating expenditures-bridges.....	2,400	2,094	--	--	--	--	2,400	2,094
Trust fund construction activity.....	--	--	--	--	158,605	132,650	158,605	132,650
Capital lease payments.....	405	279	--	--	--	--	405	279
Bond principal retirement.....	--	--	38,150	38,570	--	--	38,150	38,570
Bond interest and fiscal charges.....	--	--	41,532	45,832	--	--	41,532	45,832
Total Administration and Operations.....	1,633,341	1,555,362	79,682	84,402	158,605	132,650	1,871,628	1,772,414
Capital Outlay:								
Roads and bridges.....	992,991	813,340	--	--	--	--	992,991	813,340
Other capital outlay.....	24,597	15,324	--	--	--	--	24,597	15,324
Total Capital Outlay.....	1,017,588	828,665	--	--	--	--	1,017,588	828,665
Total Expenditures.....	2,650,929	2,384,027	79,682	84,402	158,605	132,650	2,889,215	2,601,079
Excess of Revenues Over (Under) Expenditures.....	11,747	141,588	(79,680)	(84,401)	423	(6,539)	(67,510)	50,648
OTHER FINANCING SOURCES								
Proceeds from bond and refunding bond issues.....	--	--	--	421,227	--	--	--	421,227
Michigan Transportation Fund distribution.....	765,755	727,302	--	--	--	--	765,755	727,302
Grants and transfers from other funds and component units.....	141,139	131,710	79,682	82,653	114	6,543	220,935	220,907
Capital lease acquisitions.....	755	251	--	--	--	--	755	251
Total Other Financing Sources.....	907,649	859,263	79,682	503,881	114	6,543	987,444	1,369,687
OTHER FINANCING USES								
Michigan Transportation Fund distribution.....	765,755	727,303	--	--	--	--	765,755	727,303
Grants and transfers to other funds and component units.....	216,369	210,779	2	1	537	4	216,907	210,784
Debt service.....	79,682	82,653	--	--	--	--	79,682	82,653
Payment to refunded bond escrow agent.....	--	--	--	419,478	--	--	--	419,478
Total Other Financing Uses.....	1,061,805	1,020,736	2	419,479	537	4	1,062,344	1,440,218
Excess of Other Financing Sources Over (Under) Other Financing Uses.....	(154,157)	(161,472)	79,680	84,402	(423)	6,539	(74,900)	(70,531)
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses.....	(142,410)	(19,884)	--	--	--	--	(142,410)	(19,884)
Fund balances-Beginning of fiscal year.....	582,536	602,420	--	--	--	--	582,536	602,420
Fund balances-End of fiscal year.....	\$ 440,126	\$ 582,536	\$ --	\$ --	\$ --	\$ --	\$ 440,126	\$ 582,536

The accompanying notes are an integral part of the financial statements.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 1999 and 1998
(In Thousands)

(Statutory/Budgetary Basis)	1999			1998		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes.....	\$ 1,847,841	\$ 1,847,841	\$ --	\$ 1,754,700	\$ 1,754,700	\$ --
License and permits.....	75,995	75,995	--	80,570	79,607	(964)
Federal aid	592,973	592,973	--	519,612	519,612	--
Local participation.....	56,113	56,113	--	42,735	42,827	92
Interest earnings.....	28,676	28,676	--	29,493	29,493	--
Non-operating revenue-bridges.....	2,400	2,400	--	2,094	2,094	--
Miscellaneous revenue.....	34,911	34,911	--	34,776	35,648	872
Total Revenues.....	2,638,909	2,638,909	--	2,463,981	2,463,981	--
EXPENDITURES AND ENCUMBRANCES						
Administration and maintenance.....	386,353	355,206	31,148	340,233	313,247	26,987
Bus operating assistance grants.....	163,362	163,285	77	169,240	169,213	27
Other grants.....		1,091,760	(1,091,760)	1,058,576	1,050,047	8,529
Airport development.....	81,130	79,184	1,946	67,086	67,086	--
Non-operating expenditure-bridges.....	2,400	2,400	--	2,094	2,094	--
Total Administration and Operations.....	633,244	1,691,833	(1,058,589)	1,637,230	1,601,687	35,542
Roads and bridges.....	936,703	936,150	553	718,127	718,122	5
Other capital outlay.....	41,109	24,983	16,126	17,541	15,925	1,616
Total Capital Outlay.....	977,812	961,133	16,679	735,668	734,047	1,621
Total Expenditures and Encumbrances.....	1,611,056	2,652,966	(1,041,910)	2,372,898	2,335,735	37,163
Excess Revenue Over (Under)						
Expenditures and Encumbrances.....	1,027,853	(14,057)	(1,041,910)	91,084	128,247	37,163
OTHER FINANCING SOURCES						
Michigan Transportation Fund distribution.....	765,755	765,755	--	728,126	727,302	(824)
Grants and transfers from other funds and component units..	137,706	134,553	(3,153)	130,761	131,585	824
Total Other Financing Sources.....	903,462	900,308	(3,153)	858,887	858,887	--
OTHER FINANCING USES						
Michigan Transportation Fund distribution.....	765,756	765,755	1	727,303	727,303	--
Grants and transfers to other funds and component units.....	224,032	216,072	7,960	222,864	209,232	13,632
Debt service.....	83,079	79,682	3,397	83,289	82,653	636
Total Other Financing Uses.....	1,072,867	1,061,509	11,358	1,033,457	1,019,189	14,268
Excess Other Financial Sources Over						
(Under) Other Financial Uses.....	(169,405)	(161,201)	8,204	(174,570)	(160,302)	14,268
Excess of Revenue and Other Financial Sources						
Over (Under) Expenditures, Encumbrances						
and Other Financial Uses	\$ 858,448	(175,257)	(1,033,706)	\$ (83,486)	(32,055)	\$ 51,431 *
RECONCILING ITEMS						
Encumbrances at September 30.....		62,311			51,313	
Funds not annually budgeted.....		(29,463)			(39,142)	
Net Reconciling Items.....		32,848			12,171	
Excess of Revenue and Other Financial Sources						
Over (Under) Expenditures and Other						
Financial Uses (GAAP Basis).....		\$ (142,410)			(19,884)	
FUND BALANCES (GAAP BASIS)						
Beginning balance.....		582,536			602,420	
Ending balances.....		\$ 440,126			\$ 582,536	
The accompanying notes are an integral part of the financial statements.						

*See Note 2

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 1: Significant Accounting Policies

A. Reporting Entity

These financial statements report the financial activity of transportation related funds administered by the Department of Transportation (Department). Department administered funds by classification are:

Special Revenue

State Aeronautics Fund
State Trunkline Fund
Michigan Transportation Fund
Blue Water Bridge Fund
Comprehensive Transportation Fund
Combined State Trunkline Fund Bond Proceeds Fund
Combined Comprehensive Transportation Bond Proceeds Fund

Debt Service

Combined State Trunkline Bond and Interest Redemption Fund
Combined Comprehensive Transportation Bond and Interest Redemption Fund

Expendable Trust

Transportation Related Trust Fund

Agency

Metropolitan Planning Fund

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

These funds are a part of the State of Michigan reporting entity and are reported in the SOMCAFR. The SOMCAFR provides general disclosures regarding summary of significant accounting policies, treasurer's common cash, pension benefits, compensated absences (annual leave and sick leave accumulations), general long-term obligations, interfund receivables and payables, contingencies, and commitments.

The Department is also party to a joint venture entered into with the Canadian government for the operation of the International Bridge at Sault Ste. Marie, Michigan. The International Bridge Authority (IBA) is governed by a commission of five members, three from the State (appointed by the Governor with the consent of the Senate) and two from the Canadian government (appointed by the St. Mary's River Bridge Company, which is controlled by the Province of Ontario). Summary financial information for the IBA as of its fiscal year ended August 31, 1999, with comparative information for the fiscal year ended August 31, 1998, follows (in thousands):

	<u>FY 1999</u>	<u>FY 1998</u>
Assets	\$ 4,751	\$ 4,921
Liabilities	1,267	1,031
Total Equity	3,484	3,890
Total Revenues and Other Sources	8,176	9,319
Total Expenditures and Other Uses	8,582	12,180
Excess of Revenue and Other Sources		
Over (Under) Expenditures and Other Uses	(406)	(2,861)
Fixed Assets (Cost)	4,917	4,289
Long-Term Debt (Bonds Payable)	2,805	3,380

The Mackinac Bridge Authority (Authority), a component unit of the State of Michigan, is reported in the SOMCAFR and is not reported in these statements. The Authority issues its own audited financial statements. Further information regarding the relationship between the Department and the Authority is provided in Note 9 of this report.

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

B. Basis of Presentation

The financial transactions of the Department are recorded in individual funds in the Michigan Administrative Information System (MAIN). The various transportation funds are combined in the SOMCAFR into fund types described as follows:

Governmental Fund Types

Special Revenue Funds: This fund group includes operating funds that account for the proceeds of certain specific revenue sources, which are legally restricted for specified purposes.

Debt Service Funds: This group accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Fiduciary Fund Types

Trust and Agency Funds: This group includes assets held by the Department in a trustee or agency capacity. The Department uses two subtypes: (a) expendable trust funds, which are accounted for similar to governmental funds; and (b) agency funds, which are purely custodial in nature and for which asset and liability balances, but not operating results, are included within these statements.

Account Groups

General Fixed Assets Group: This group of accounts is used to account for fixed assets (i.e., land, buildings, and equipment) owned by the Department. Infrastructure ("public domain") fixed assets, such as undeveloped State-owned lands, roads, and bridges, are not capitalized.

General Long-term Obligations Group: This group accounts for all of the long-term obligations of the Department, except for those accounted directly in a fund.

TOTALS (MEMORANDUM ONLY)

Amounts in the "total - memorandum only" columns represent summations of the fund types and account groups and are presented only for analytical purposes. The summations include interfund transactions, which have not been eliminated, and the captioned "amounts to be provided," which are not assets in the usual sense. Consequently, amounts shown in the "total - memorandum only" columns are not comparable to a consolidation.

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

C. Basis of Accounting

The financial statements contained in this report are prepared on the modified accrual basis of accounting. The modified accrual basis of accounting, fiscal year ends, and accounting practices are explained in more detail in the SOMCAFR.

D. Calculation Practice

Amounts recorded in the Department's financial statements are rounded to thousands of dollars, unless otherwise noted. Because of this, the amounts may not add to the totals.

E. Reserved Fund Balance

A comparative analysis of the State Trunkline Fund reserved fund balance at September 30, 1999 and September 30, 1998, follows (in thousands):

	<u>FY 1999</u>	<u>FY 1998</u>
Reserves:		
Capital Outlay:		
Facilities	\$ 32,768	\$ 32,829
Institutional Roads	1,423	2,210
Rail Grade Crossing	--	10,904
Critical Bridge	747	1,263
Road and Bridge	<u>104,598</u>	<u>148,289</u>
Total Capital Outlay Reserves . .	\$ 139,537	\$ 195,495
Encumbrances	19,570	17,800
Restricted Revenue	84,575	177,500
Work Projects	1,004	1,000
Revolving Loan Program	3,082	1,933
Construction and Debt Service . . .	35,905	--
Noncurrent Assets:		
Capital Equipment Loans	15,140	15,597
Maintenance Advances	10,044	10,079
Local Unit Loans	<u>6,183</u>	<u>2,908</u>
Total Noncurrent Assets	\$ 31,367	\$ 28,584
Total Reserved Fund Balance	<u><u>\$ 315,039</u></u>	<u><u>\$ 422,312</u></u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 2: Budgeting and Budgetary Control

The SOMCAFR provides disclosures regarding budgetary control. The budget column of the budget to actual statement represents legislative authorization after adjustments for carry-overs, transfers, and restricted revenue shortfalls. "Favorable variances" generally reflect unused general purpose spending authority ("lapses") and/or unused restricted revenue authority, which carry over as a reservation of fund balance and/or general purpose revenue exceeding estimates. "Unfavorable variances" reflect either general purpose revenue estimate shortfalls or budgetary overdrafts. If both favorable and unfavorable variances exist for a particular line, the amount shown is the net variance.

The budget and variance amounts deviate from the SOMCAFR for the Michigan Transportation Fund for fiscal year 1998. The Department requested an increase in authority, when prior appropriation year authority already existed. This caused the budget and variance amounts to be overstated. The Department received written approval from the State of Michigan's Office of Financial Management to record accurate budget and variance amounts in this financial report.

In 1999 and 1998, amounts were appropriated in the Blue Water Bridge Fund for operational costs and for partial repayment of the loan due to the State Trunkline Fund. A \$3.7 million repayment of the loan was made in fiscal year 1999. A \$5 million repayment of the loan was made in fiscal year 1998. The repayment reduced amounts due to other funds. No expenditures were incurred and the related appropriation lapsed.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 3: Current Receivables

A. Contested and Delinquent Receivables

Current receivables recorded in the financial statements represent amounts due to the Department as of September 30, 1999 and 1998, and will be collected within 12 months. Receivables not due for collection within 12 months are classified as long-term assets with an offsetting deferred revenue or fund balance reserve. Due to the uncertainty associated with contested receivables in litigation or pending litigation and delinquent receivables referred to a third party for collection, these receivables are recorded in an allowance for doubtful accounts, with the net amount reported in the financial statements (in thousands).

	<u>Contested</u>		<u>Delinquent</u>		<u>Fund Total</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
State Aeronautics Fund	\$450	\$ 2,281	\$ --	\$ --	\$450	\$ 2,281
State Trunkline Fund	154	641	1,099	1,577	1,253	2,218
Comprehensive Transportation Fund	3,000	3,000	964	741	3,964	3,741
State Trunkline Bond Proceeds Fund	--	--	--	--	--	--
Transportation Related Trust Fund	--	--	5	5	5	5
Total Allowance for Doubtful Accounts	<u>\$3,604</u>	<u>\$5,922</u>	<u>\$2,068</u>	<u>\$2,324</u>	<u>\$5,672</u>	<u>\$8,246</u>

B. Taxes Receivable

In the Michigan Transportation Fund, the net amount of current receivables, \$162.5 million and \$168.0 million, and allowances for uncollectible receivables, \$60.0 million and \$71.8 million, were recorded for motor fuel taxes due to the fund as of September 30, 1999 and 1998, respectively. The reporting of a gross receivable net of a related allowance for uncollectible accounts is consistent with the treatment of other taxes receivable reported in the SOMCAFR.

Note 3 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

C. Federal Highway Administration (FHWA) Receivable

The Department recorded federal aid receivables in the State Trunkline Fund, State Trunkline Bond Proceeds Fund, Transportation Related Trust Fund, and the Metropolitan Planning Fund totaling \$105.1 million and \$213.3 million for the fiscal years ending September 30, 1999 and 1998, respectively. Of those amounts \$42.0 million and \$142.5 million, respectively, were recorded from the "To-Be-Billed Summary". The "To-Be-Billed Summary" consists primarily of project costs that exceeded the contract amounts agreed to by the FHWA and represent federal funds earned by the Department but not requested for reimbursement. Consistent with past practices, contract amounts will be increased as federal aid becomes available. No long-term federal aid receivables were recorded for fiscal year ending September 30, 1999.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 4: General Long-Term Obligations

A. Revenue Dedicated Debt

The Department has periodically issued long-term bonds for specific purposes, with the stipulation that financing of debt requirements is to come strictly from designated revenue sources. The State of Michigan's general credit does not support such issues. Public Act 51 of 1951, as amended, provides that monies deposited in the State Trunkline Fund and/or the Comprehensive Transportation Fund are appropriated for specific purposes in order of priority. A sufficient portion of the State Trunkline Fund and the Comprehensive Transportation Fund is irrevocably appropriated to pay, when due, the principal of and interest outstanding on bonds and notes. The Comprehensive Transportation Series 1985, State Trunkline Series 1989-A, and the State Trunkline Series 1992 A and B bond issues included capital appreciation bonds (zero coupon bonds) with an ultimate maturity value of \$1.7 million, \$35.7 million, and \$97.7 million, respectively. These bonds are recorded in the amounts of \$1.6 million, \$21.8 million, and \$54.0 million, respectively, which are the accreted values at September 30, 1999. These bonds mature in the years 1995 to 2000, 2004 to 2009, and 2005 to 2012, respectively.

Revenue Dedicated Debt
Department of Transportation (in thousands)

	Amounts Issued	Outstanding		Maturities		Average Interest Rate %
		9/30/99	9/30/98	First Year	Last Year	
<u>MI Comprehensive Transportation:</u>						
1985 (Series B Refunding)	\$ 57,831	\$ 1,572	\$ 3,853	1985	2000	8.53
1988 (Series I Refunding)	73,155	--	4,275	1991	1999	7.30
1992 (Series A & B)	164,965	150,230	153,230	1996	2022	5.96
1996 (Series A Refunding)	22,650	22,510	22,580	1998	2014	5.42
1998 (Series A Refunding)	38,640	38,640	38,640	2004	2010	4.66
<u>State Trunkline Funds:</u>						
1989 (Series A)	135,779	21,772	24,000	1994	2017	6.97
1992 (Series A & B)	353,210	184,558	181,322	1999	2021	6.16
1994 (Series A & B)	240,990	49,865	75,580	1994	2007	5.53
1996 (Series A)	54,500	11,905	12,640	1997	2009	5.71
1998 (Series A Refunding)	<u>377,890</u>	<u>377,890</u>	<u>377,890</u>	2005	2026	5.09
Total Revenue						
Dedicated Debt	\$ <u>1,519,611</u>	\$ <u>858,941</u>	\$ <u>894,010</u>			

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Advance Refunding and Defeasance

The Department has issued refunding bond issues to refinance the advance refunding of selected bond issues. A portion of the proceeds of the refunding issues were placed in trust and used to purchase securities of the U.S. Government and related agencies at various interest rates and maturities sufficient to meet all debt service requirements of the refunded debt. These assets are administered by a trustee and are restricted for the retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying financial statements, as the Department defeased its obligation for payment of the refunded bonded debt upon completion of the refunding transaction.

The following table summarizes the defeased bonds outstanding at September 30, 1999 and 1998:

Summary of Refunding Transactions
(In Millions)

<u>Bond Series</u>	<u>Amount Refunded</u>	<u>Balance with Trustee</u>	
		<u>1999</u>	<u>1998</u>
Comprehensive Transportation Bonds:			
Series 1985	\$ 27.2	\$ 6.1	\$ 6.1
Series 1992A	5.3	5.1	5.1
State Trunkline Fund Bonds:			
Series 1989A	111.3	--	103.1
Series 1992A	134.7	131.2	131.2
Series 1992B	56.8	56.8	56.8
Series 1994A	112.8	112.8	112.8
Series 1996A	<u>41.2</u>	<u>41.2</u>	<u>41.2</u>
TOTAL	<u>\$659.0</u>	<u>\$353.2</u>	<u>\$456.3</u>

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

B. Other General Long-Term Obligations

Capital Leases:

Capitalized lease liabilities are described in more detail in Note 5.

Compensated Absences:

Compensated absences liabilities are detailed in Note 6.

Claims and Judgments:

The liability recorded for claims and judgments consists of projected amounts for highway-related negligence cases based upon historical loss ratios. It should be stressed that the Department continues to vigorously contest all of these claims and that the Department may incur no liability in the individual cases involved. Therefore, the allowance for litigation losses may be overstated (to the extent that losses do not occur) or understated (if the losses exceed the projected amounts).

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Changes in General Long-term Obligations:

Changes in general long-term obligations (in thousands) for the fiscal year ended September 30, 1999 and 1998, are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Bonds and Capital Lease Obligations:				
Balance - Beginning	\$ 894,010	\$ 911,884	\$ 1,395	\$ 1,199
New bond issues/capital lease additions and adjustments . .	--	416,530	310	196
Accretion on Capital Appreciation Bonds	3,081	4,839	--	--
Bond principal retirements/ capital lease payments and deletions	<u>(38,150)</u>	<u>(439,243)</u>	<u>--</u>	<u>--</u>
Balance - Ending	\$ <u>858,941</u>	\$ <u>894,010</u>	\$ <u>1,705</u>	\$ <u>1,395</u>

	Claims and Judgments		Compensated Absences Liabilities	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Other Obligations:				
Balance - Beginning	\$ 10,304	\$ 11,840	\$ 32,469	\$ 35,135
Net increase (decrease) in estimated liabilities	<u>(6,516)</u>	<u>(1,536)</u>	<u>--</u>	<u>(2,666)</u>
Balance - Ending	\$ <u>3,788</u>	\$ <u>10,304</u>	\$ <u>32,027</u>	\$ <u>32,469</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 5: Leases

The Department leases land, office facilities, office and computer equipment, and other assets under noncancelable leasing arrangements. Most leases have cancellation clauses with one to six month notice requirements in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of whether a lease is cancelable because the likelihood that such clauses will be exercised is considered remote. Leases that are in the nature of acquisitions are classified as "capital" leases, therefore assets and liabilities are recorded at lease inception. Other leases are classified as "operating" leases, and these are treated as rent commitments rather than acquisitions.

Actual rental expenditures incurred under operating leases totaled \$850,952 and \$995,623 during fiscal years 1999 and 1998, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 1999 follows (in thousands):

NONCANCELABLE LEASE COMMITMENTS
FISCAL YEAR 1999

Fiscal Year Ended September 30	Operating Leases	Capital Leases			
		Principal	Interest	Executory	Total
2000	\$ 850	\$ 191	\$ 256	\$ 119	\$ 567
2001	480	218	218	117	553
2002	435	213	181	110	504
2003	328	158	149	97	404
2004	72	82	128	66	276
2005-2012	<u>--</u>	<u>843</u>	<u>433</u>	<u>368</u>	<u>1,644</u>
Total	<u>\$ 2,165</u>	<u>\$ 1,705</u>	<u>\$ 1,365</u>	<u>\$ 877</u>	<u>\$ 3,948</u>

Note 5 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

The above schedule is consistent with SOMCAFR in that it does not include leases for state owned buildings, leases for an amount less than \$10,000, lease extensions less than 12 months and lease payment changes less than \$200.

All of the above capital leases are related to governmental fund operations and the total of capital lease principal is recorded as part of the general long-term obligations account group.

The historical cost of assets acquired under capital leases included in the general fixed assets account group at September 30, 1999 and 1998, follows (in thousands):

	<u>1999</u>	<u>1998</u>
Buildings	\$2,332	\$1,578
Equipment	<u> -- </u>	<u> -- </u>
TOTAL	<u>\$2,332</u>	<u>\$1,578</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 6: Employee Benefits - Retirement and Compensated Absences

A. Retirement Contributions

Department of Transportation employees are members of the State Employees' Retirement System. Retirement contributions are expended from the Department's special revenue funds to the State Employees' Retirement Fund.

The Department's retirement contributions were as follows (in thousands):

	<u>1999</u>	<u>1998</u>
State Trunkline Fund	\$14,481	\$13,067
Comprehensive Transportation Fund	526	489
State Aeronautics Fund	<u>322</u>	<u>308</u>
 Total Department of Transportation Contributions	 <u>\$15,329</u>	 <u>\$13,864</u>

B. Compensated Absences

The Department has accrued liabilities for compensated absences as required by GASB. Liabilities related to governmental fund types are recorded in the General Long-Term Obligations account group in the SOMCAFR, unless the liability is "due and payable" (i.e., liabilities are recognized in the year employee leaves State service) at year-end. The amount "due and payable" is reflected in the "Accounts payable" line of the balance sheet.

Note 6 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 1999 and 1998 (in thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Total</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
State						
Trunkline Fund	\$16,911	\$18,185	\$12,886	\$12,107	\$29,797	\$30,292
Comprehensive						
Transportation						
Fund	735	753	501	468	1,236	1,221
State Aeronautics						
Fund	523	497	324	309	847	806
Blue Water Bridge	<u>77</u>	<u>78</u>	<u>70</u>	<u>72</u>	<u>147</u>	<u>150</u>
TOTAL	<u>\$18,247</u>	<u>\$19,513</u>	<u>\$13,781</u>	<u>\$12,956</u>	<u>\$32,027</u>	<u>\$32,469</u>

If a Department employee transfers to another department, the related compensated absence liability is assumed by the employee's new department.

For a more detailed explanation of retirement benefits and compensated absence accruals, refer to the SOMCAFR.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 7: General Fixed Assets

Classification: The following table summarizes, by major class of asset, fiscal year 1999 changes in recorded costs for the general fixed assets account group (in millions):

CHANGES IN GENERAL FIXED ASSETS
FISCAL YEAR 1999

	Balance Sept. 30, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance Sept. 30, <u>1999</u>
Land	\$ 9.4	\$ --	\$ --	\$.9	\$ 10.3
Buildings	87.1	--	--	2.3	89.4
Equipment	100.7	16.4	14.9	(.3)	101.9
Equity Interest in Joint Ventures	<u>5.2</u>	<u>--</u>	<u>--</u>	<u>(.2)</u>	<u>5.4</u>
Total General Fixed Assets	<u>\$ 203.4</u>	<u>\$ 17.2</u>	<u>\$14.9</u>	<u>\$ 1.3</u>	<u>\$ 207.0</u>

Funding Source: Following is a summary of funding sources for investments in general fixed assets as of September 30, 1999 (in millions):

<u>Fund</u>	<u>Investment 1999</u>
State Trunkline Fund	\$181.8
Comprehensive Transportation Fund	11.6
State Aeronautics Fund	<u>13.6</u>
Total Investment in General Fixed Assets	<u>\$207.0</u>

Note 7 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Construction in Progress: Following is summary information regarding projects included in construction in progress as of September 30, 1999 (in millions):

<u>Project</u>	Estimated <u>Cost</u>	<u>Fiscal Year 1999</u>	
		<u>Authorized</u>	<u>Expended</u>
Various Projects	<u>\$ 8.0</u>	<u>\$ 5.9</u>	<u>\$ --</u>
Totals	<u><u>\$ 8.0</u></u>	<u><u>\$ 5.9</u></u>	<u><u>\$ --</u></u>

In addition to the projects noted above, the Department has planned other construction projects which were unfunded as of September 30, 1999. The costs of these projects, as well as the unfunded portion of projects currently in progress, will be funded from future years' resources.

The Department received a waiver from the State of Michigan's Office of Financial Management granting permission to deviate from the figures presented in SOMCAFR. These variances relate to the calculation of real property (Land and Buildings). The methods used to produce SOMCAFR do not materially affect it's presentation of real property. However, the same methods applied to the Department's real property would cause material misstatements making it necessary to value fixed assets at historical cost.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 8: Excess of Expenditures Over Appropriation

Budgetary control for State Trunkline Fund, State Aeronautics Fund, Michigan Transportation Fund, and Comprehensive Transportation Fund expenditures is established by line-item appropriation within each fund's total appropriation.

The Department incurred no overexpenditures in fiscal year 1999 or in fiscal year 1998.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 9: Interfund Commitments

The Mackinac Bridge Authority (Authority), which is reported as a governmental component unit in the SOMCAFR, has over the years received \$75.3 million of subsidies for operations (\$12.3 million) and debt service (\$63.0 million). These subsidies were provided by the State Trunkline Fund and the Michigan Transportation Fund, respectively, both of which are special revenue funds. The Authority redeemed its remaining bonds on July 1, 1986.

State statutes require that the Authority continue charging bridge tolls and begin repaying the State Trunkline Fund and the Michigan Transportation Fund for the subsidies provided. These repayments would continue until such time as the subsidies have been completely returned. Executive Order 1986-14 created the Governor's Mackinac Bridge Task Force to develop an advisory proposal concerning reimbursement of the subsidies, future funding of repair and renovation costs, and the bridge toll structure. The Authority has not recorded a liability, and the state funds have not recorded receivables for these subsidies, because the reimbursements are contingent upon future net revenues, and because the repayment commitment is long-term and budgetary in nature. Repayments may be authorized by the Authority, after consideration of the Authority's annual needs for its operations and planned repairs and improvements.

The Authority repaid \$7.5 million in fiscal year 1993, \$250,000 in fiscal year 1998, and \$250,000 in fiscal year 1999 to the Michigan Transportation Fund. The previously recorded \$1.0 million repaid by the Authority was properly classified as repayment to the Michigan Transportation Fund in fiscal year 1998. A balance of \$54,000,000 is owed to the Michigan Transportation Fund and a balance of \$12,306,172 is owed to the State Trunkline Fund.

For the fiscal year ended September 30, 1999, SOMCAFR reported transactions with component units, including the Mackinac Bridge Authority, separately from other funds. A receivable for \$1,268,828 related to the Mackinac Bridge Authority's transactions is recorded in the State Trunkline Fund's balance sheet as amounts due from component units. The amount due from the Mackinac Bridge Authority and other transactions between the Department and component units and other funds of the State of Michigan are shown in the following table (in thousands):

Note 9 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

	State Trunkline Fund		Michigan Transportation Fund	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
<u>Balance Sheet</u>				
Receivables:				
Amounts due from other funds	\$ 51,776	\$ 47,590	\$ --	\$ --
Amounts due from component units . .	<u>1,269</u>	<u>622</u>	<u>--</u>	<u>--</u>
Total amounts due from other funds and component units	<u>\$ 53,045</u>	<u>\$ 48,212</u>	<u>\$ --</u>	<u>\$ --</u>
Payables:				
Due to other funds	\$ 897	\$ 1,263	\$ 62,894	\$ 54,519
Total due to other funds	<u>\$ 897</u>	<u>\$ 1,263</u>	<u>\$ 62,894</u>	<u>\$ 54,519</u>
<u>Statement of Revenues, Expenditures, and Changes in Fund Balances</u>				
Other Financing Sources:				
Transfers from other funds	\$745,455	\$712,639	\$ 572	\$ 149
Capital lease acquisitions	<u>755</u>	<u>251</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources	<u>\$ 746,210</u>	<u>\$ 712,890</u>	<u>\$ 572</u>	<u>\$ 149</u>
Other Financing Uses:				
Transfers to other funds	\$ 16,138	\$ 12,274	\$965,167	\$923,466
Debt Service	<u>55,672</u>	<u>57,211</u>	<u>--</u>	<u>--</u>
Total Other Financing Uses	<u>\$ 71,810</u>	<u>\$ 69,485</u>	<u>\$965,167</u>	<u>\$923,466</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

Note 10: Contingencies and Commitments

A. Litigation

The Department is party to various legal proceedings seeking damages and other relief including injunctive or mandatory relief. The ultimate disposition of such legal proceedings is not presently determinable, but such ultimate disposition and consequences of all these legal proceedings will not, themselves, in the opinion of the State of Michigan's Attorney General, have a materially adverse effect on the Department's financial position.

The Department accrues liabilities related to significant legal proceedings if a loss is probable and reasonably estimable. In the event that a significant, probable, and reasonably estimable loss is not settled prior to preparation of these statements, the obligation is recorded as a general long-term liability. See Note 4 for more information.

B. Federal Grants

Federal revenues are generally subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. As of September 30, 1999 and 1998, the Department estimates the disallowance of recognized revenues will not be material to the financial statements.

C. Construction Projects

The Department has entered into construction contracts for transportation related special revenue funds and trust funds. As of September 30, 1999 and 1998, the balances remaining on these contracts equaled \$544.4 million and \$518.8 million, respectively. As of September 30, 1999 and 1998, the balances remaining on these contracts, less the trust fund equaled \$455.2 million and \$413.3 million, respectively. As of September 30, 1999 and 1998, the balances remaining on these contracts in the State Trunkline Fund equaled \$422.9 million and \$359.6 million, respectively.

Notes continued on next page.



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II. FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR 2000 ISSUES

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical bulletin 98-1 entitled, *Disclosures about Year 2000 Issues*. The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, require disclosure in the notes to the financial statements about its readiness in addressing year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued an amended Technical Bulletin, 99-1, allowing disclosure of year 2000 issues in required supplementary information or in the notes to the financial statements. Retroactive application was allowed.

The year 2000 issue is the result of shortcomings in electronic data-processing systems and other electronic equipment that may adversely affect operations in the year 1999 and beyond. To address the year 2000 issues, the State established the Year 2000 Project Office within the Department of Management and Budget. The Year 2000 Project Office's mission is to lead, support, and facilitate achievement of year 2000 compliance throughout the State's executive branch to ensure uninterrupted service to Michigan's citizens. The Year 2000 Project Office is monitoring year 2000 compliance efforts at the various agencies and is providing assistance and assigning resources to accelerate compliance for all mission critical systems and equipment.

An executive directive, issued in February 1998, directed all executive branch agencies to make the year 2000 issue the number one priority. As a result, the State developed a comprehensive risk management program that identified risks faced by the Department concerning year 2000 operability.

To address the year 2000 issues, the Department established a team within the Department. The team's mission is to lead, support, and facilitate achievement of year 2000 compliance throughout the Department to ensure uninterrupted service to Michigan's citizens.

The following stages have been identified as necessary to implement a year 2000 compliant system:

- (1) Awareness stage - encompasses establishing a budget and project plan for dealing with the year 2000 issue.
- (2) Assessment stage - when the organization begins the actual process of identifying all of its systems and individual components of the systems. An organization may decide to review all system components for year 2000 compliance or, through a risk analysis, identify only mission critical systems and equipment to check for compliance.
- (3) Remediation stage - when the organization actually makes changes to systems and equipment. This stage deals primarily with the technical issues of converting existing systems, or switching to compliant systems. During this stage, decisions are made on how to make the systems or processes year 2000 compliant, and the required system changes are made.
- (4) Validation/Testing stage - when the organization validates and tests the changes made during

the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and retested.

The Department identified 16 computer applications that are critical to conducting the Department's operations and that need to be year 2000 compliant.

The Department's year 2000 remediation efforts have been aimed primarily at ensuring unimpeded and uninterrupted operation, including federal reporting, project accounting, and timely payments of its obligations. As of September 30, 1998, the Department had validated and tested 83 percent of the 16 mission critical computer applications. The remaining 17 percent of the critical applications were validated and tested in fiscal year 1999. In April 1999, the Department received certification from the Department of Management and Budget as being year 2000 compliant.

The Legislature appropriated \$55.6 million to assist agencies in obtaining external resources to address year 2000 issues. As of September 30, 1999 and 1998, the Department expended \$1.5 million and \$2 million respectively to assess, replace and/or upgrade its systems and electronic equipment. There were no significant commitments (contracts) outstanding with vendors on September 30, 1998.

Management believes that the Department has the correct plan in place and that the Department will be able to process date and/or date-related information correctly prior to, during, and after January 1, 2000. However, because of the unprecedented nature of the year 2000 issue, its effect and the success of the related remediation efforts cannot be fully determinable until the year 2000 and thereafter. Consequently, management cannot guarantee that the Department is or will be year 2000 ready, that the Department's remediation efforts will be successful in whole or in part, or that parties with whom the Department does business will be year 2000 ready.

II. FINANCIAL SECTION

SUPPLEMENTAL FINANCIAL DATA COMBINING FINANCIAL STATEMENTS AND SCHEDULES

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

MICHIGAN TRANSPORTATION FUND

This fund, established by Public Act 51 of 1951, Section 10, as amended, is administered jointly by the Department of Transportation and the Department of State. In addition, some of the fund revenue is collected by the Department of Treasury. The fund is a receiving fund for the several tax revenues dedicated to highway purposes. Transfers are made to the General Fund to pay the cost of collection of the dedicated revenues and to the State Trunkline Fund, Comprehensive Transportation Fund, the Economic Development Sub-Fund, and the Recreation Improvement Sub-Fund in accordance with the statutory formula. Expenditures consist of grants to counties, cities, and villages for highway purposes in accordance with statutory formula.

STATE TRUNKLINE FUND

This fund provides for construction and maintenance of highways. Its overall budget is subject to annual legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Major financing sources are transfers from the Michigan Transportation Fund, federal aid, and local participation. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. In accordance with statutory provisions, unexpended balances at fiscal year end are transferred to the road and bridge construction account.

The State Trunkline Fund was also used to record loans made to local units of government for reconstructing and resurfacing roadways. Funds for such loans were made available by transfer from the 1983 State Trunkline Fund Bond Proceeds Fund and the 1984 State Trunkline Fund Bond Proceeds Fund. Loan repayments, which are received directly by the State Trunkline Fund, are not pledged to the payment of the bonds related to the loans. During fiscal year 1999 all loans to locals for reconstructing and resurfacing roadways were repaid with no balance remaining at year end 1999.

In fiscal year 1988, the Economic Development Fund (EDF), a sub-fund, was created within the State Trunkline Fund. The statements for the State Trunkline Fund include the financial activity for EDF. A separate schedule summarizing EDF activity is also included in the Statistical Section of this report.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

BLUE WATER BRIDGE FUND

The fund was administratively established to account for the Blue Water Bridge project. Through provisions of Section 1012 in the federal ISTEA Act of 1991, the State Trunkline Fund received federal funds to be loaned to the Blue Water Bridge Fund for construction of the Blue Water Bridge project. Repayment of the \$45 million loan began in 1998. Repayments of the loan are expected to occur each fiscal year. The term of the loan will not exceed 30 years from the time the loan was obligated.

COMPREHENSIVE TRANSPORTATION FUND

The Comprehensive Transportation Fund was created for the purpose of planning and developing public transportation systems within the State. It was created by Public Acts 326, 327, and 328 of 1972, and Public Act 197 of 1973. In 1975, Public Acts 195, 196, and 239 were enacted, providing further additions and amendments to the laws governing this fund. In accordance with statutory provisions, any unencumbered balance at fiscal year end lapses and reverts to the fund for appropriation in the following fiscal year.

In addition to providing direct expenditures for public transportation purposes, the fund is being used to provide financing for entities that provide bus and rail services. Such financing is provided primarily by purchasing and leasing back rail and bus related assets.

Fund revenues consist primarily of federal and local revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund.

STATE AERONAUTICS FUND

This fund, established by Public Act 327 of 1945, administers development and capital improvement projects for local airports. Its budget is subject to annual legislative review and appropriation. Financing consists mostly of federal and local contributions and aviation fuel taxes. Expenditures and transfers are for administration and local airport improvement project costs. At fiscal year end, in accordance with statutory provisions, any unencumbered balance lapses and reverts to the fund for appropriation in the following fiscal year.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND

A separate fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds fund is available in the Statistical Section, Schedule of Revenues and Expenditures by Fund.

The Combined State Trunkline Fund Bond Proceeds Fund consists of the following funds:

1989 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$136 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

The State Transportation Commission approved issuance of \$136 million of Series A bonds in 1989. Approximately \$100 million of the proceeds are to be used for Transportation Economic Development Fund projects, and approximately \$30 million of the proceeds are to be used for the purchase of right-of-ways.

1992 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$205.2 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan, but are payable solely out of the funds restricted as to use for state trunkline purposes by Section 9 Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

Continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND (continued)

1992 STATE TRUNKLINE FUND CRITICAL BRIDGE BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act of 1951, as amended, to account for the proceeds of up to \$30 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan, but are payable solely out of the funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

The State Transportation Commission approved the issuance of \$253.6 million of Series A bonds in 1992. Approximately \$30 million of the proceeds are to be used to finance the costs of reconstruction and repair of critical bridge projects.

1994 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$150 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Approximately \$149.2 million of the proceeds are to be used to finance the construction of various trunkline transportation projects.

1996 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$54.5 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. The proceeds are to be used to finance the construction of various trunkline transportation projects and to pay the costs of issuance of the bonds.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

A separate fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds fund is available in the Statistical Section, Schedule of Revenues and Expenditures by Fund.

The Combined Comprehensive Transportation Bond Proceeds Fund consists of the following fund:

1992 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$35.2 million of comprehensive transportation bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of the funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

The State Transportation Commission approved the issuance of \$37.6 million of Series A bonds in 1992. Approximately \$35.2 million of the proceeds are to be used to finance the costs of construction and acquisition of comprehensive transportation projects.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 1999 and 1998
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND		BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TOTALS	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
ASSETS																
Current Assets:																
Cash and cash equivalents.....	\$ --	\$ --	\$ 10	\$ 30	\$ 25	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 36	\$ 30
Equity in Common Cash.....	197,470	185,251	293,797	302,081	12,721	10,155	63,506	64,987	15,656	23,648	15,283	32,102	12,120	15,202	610,553	633,426
Receivable:																
Taxes, interest, and penalties (at net)	99,061	93,066	--	--	--	--	--	--	805	886	--	--	--	--	99,866	93,952
Federal aid.....	--	--	74,035	160,292	--	--	7,160	8,925	1,141	4,423	14,285	27,325	--	--	96,621	200,965
Local units.....	--	--	18,281	25,403	--	--	129	63	3,432	5,153	534	201	--	--	22,376	30,820
Other funds and components units.....	--	--	53,045	48,212	--	--	13,918	11,928	--	--	--	--	--	--	66,962	60,141
Miscellaneous.....	3,512	3,066	5,255	6,231	--	--	281	1,077	38	44	271	7	--	--	9,358	10,426
Inventories.....	--	--	8,568	9,800	--	--	--	--	--	--	--	--	--	--	8,568	9,800
Total Current Assets.....	300,044	281,383	452,991	552,050	12,746	10,155	84,994	86,981	21,073	34,154	30,373	59,635	12,120	15,202	914,340	1,039,560
Noncurrent Assets:																
Receivables:																
Taxes, interest, and penalties (net)	753	449	--	--	--	--	--	--	--	--	--	--	--	--	753	449
Federal aid.....	--	--	--	--	--	--	--	--	449	107	--	--	--	--	449	107
Local units.....	--	--	31,367	28,584	--	--	1,921	--	964	902	--	--	--	--	34,251	29,486
Advances to other funds.....	--	--	33,642	35,142	--	--	--	--	--	--	--	--	--	--	33,642	35,142
Land contracts.....	--	--	3,653	3,300	--	--	--	--	--	--	--	--	--	--	3,653	3,300
Miscellaneous.....	--	--	--	--	--	--	1,440	1,542	--	1	--	--	--	--	1,440	1,542
Total Noncurrent Assets.....	753	449	68,661	67,026	--	--	3,361	1,542	1,413	1,010	--	--	--	--	74,187	70,026
Total Assets.....	<u>\$ 300,796</u>	<u>\$ 281,832</u>	<u>\$ 521,652</u>	<u>\$ 619,076</u>	<u>\$ 12,746</u>	<u>\$ 10,155</u>	<u>\$ 88,355</u>	<u>\$ 88,523</u>	<u>\$ 22,485</u>	<u>\$ 35,164</u>	<u>\$ 30,373</u>	<u>\$ 59,635</u>	<u>\$ 12,120</u>	<u>\$ 15,202</u>	<u>\$ 988,528</u>	<u>\$ 1,109,586</u>
LIABILITIES AND FUND BALANCES																
Current Liabilities:																
Warrants outstanding.....	\$ 1,503	\$ 907	\$ 19,666	\$ 22,488	\$ 11	\$ 8	\$ 1,508	\$ 324	\$ 222	\$ 920	\$ 687	\$ 1,471	\$ --	\$ --	\$ 23,598	\$ 26,119
Accounts payable.....	235,647	225,957	134,522	121,977	190	227	7,721	12,123	6,537	4,679	4,447	3,404	139	2,812	389,203	371,178
Contract reserve payable.....	--	--	8,892	7,396	--	--	68	112	695	704	1,104	1,822	3	3	10,762	10,037
Amounts due to other funds and component units.....	62,894	54,519	897	1,263	2,811	5,017	29	40	18	24	--	--	--	--	66,649	60,864
Deposits, permits and other liabilities.....	--	--	1,602	917	--	--	790	4,347	--	--	--	--	--	--	2,392	5,264
Deferred revenue.....	--	--	3,475	1,480	96	--	--	--	2,647	3,829	397	145	--	--	6,615	5,454
Total Current Liabilities.....	300,044	281,383	169,055	155,522	3,109	5,251	10,116	16,946	10,118	10,156	6,634	6,842	143	2,815	499,219	478,915
Long-Term Liabilities:																
Deferred revenue.....	753	449	13,553	11,003	--	--	1,234	1,542	--	--	--	--	--	--	15,541	12,994
Advances from other funds.....	--	--	--	--	33,642	35,142	--	--	--	--	--	--	--	--	33,642	35,142
Total Liabilities.....	<u>300,796</u>	<u>281,832</u>	<u>182,608</u>	<u>166,525</u>	<u>36,750</u>	<u>40,393</u>	<u>11,351</u>	<u>18,487</u>	<u>10,119</u>	<u>10,156</u>	<u>6,634</u>	<u>6,842</u>	<u>143</u>	<u>2,815</u>	<u>548,402</u>	<u>527,050</u>
Fund Balances:																
Reserved for encumbrances.....	--	--	19,570	17,800	--	--	41,136	31,812	1,605	1,701	--	--	--	--	62,311	51,313
Reserved for unencumbered restricted revenue balances.....	--	--	84,575	177,500	--	--	2,841	3,444	300	5,000	--	--	--	--	87,716	185,943
Reserved for unencumbered capital outlay and work projects..	--	--	140,541	196,495	--	--	--	4,477	8,032	15,282	--	--	--	--	148,572	216,254
Reserved for construction and debt service.....	--	--	35,905	--	--	--	--	--	--	--	--	--	--	--	35,905	--
Reserved for revolving loan programs.....	--	--	3,082	1,933	--	--	7,551	6,000	1,017	1,081	--	--	--	--	11,650	9,014
Reserved for noncurrent assets.....	--	--	31,367	28,584	--	--	2,126	--	1,412	1,010	--	--	--	--	34,905	29,594
Total Reserved.....	--	--	315,039	422,313	--	--	53,654	45,733	12,366	24,073	--	--	--	--	381,058	492,118
Unreserved.....	--	--	24,004	30,238	(24,004)	(30,238)	23,350	24,302	1	935	23,739	52,793	11,978	12,387	59,067	90,417
Total Fund Balances.....	--	--	339,043	452,551	(24,004)	(30,238)	77,004	70,035	12,367	25,008	23,739	52,793	11,978	12,387	440,126	582,536
Total Liabilities and Fund Balances.....	<u>\$ 300,796</u>	<u>\$ 281,832</u>	<u>\$ 521,652</u>	<u>\$ 619,076</u>	<u>\$ 12,746</u>	<u>\$ 10,155</u>	<u>\$ 88,355</u>	<u>\$ 88,523</u>	<u>\$ 22,485</u>	<u>\$ 35,164</u>	<u>\$ 30,373</u>	<u>\$ 59,635</u>	<u>\$ 12,120</u>	<u>\$ 15,202</u>	<u>\$ 988,528</u>	<u>\$ 1,109,586</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 1999 and 1998
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND		BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TOTALS	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
REVENUES																
Taxes.....	\$ 1,776,210	\$ 1,687,523	\$ --	\$ --	\$ --	\$ --	\$ 63,241	\$ 60,310	\$ 8,390	\$ 6,868	\$ --	\$ --	\$ --	\$ --	\$ 1,847,841	\$ 1,754,700
License and permits.....	56,971	59,050	18,553	20,259	--	--	218	212	253	86	--	--	--	--	75,995	79,607
Federal aid	--	--	523,295	458,841	--	--	18,578	13,190	51,100	47,582	21,161	56,934	--	--	614,133	576,546
Local participation.....	--	--	43,302	28,668	--	--	81	92	12,731	14,067	488	1,386	--	--	56,601	44,213
Interest earnings on common cash.....	11,024	12,473	14,955	11,363	650	780	1,365	3,435	681	1,442	122	2,209	702	900	29,500	32,602
Non-operating revenue-bridges.....	--	--	2,400	2,094	--	--	--	--	--	--	--	--	--	--	2,400	2,094
Miscellaneous revenue.....	51	1,261	16,756	21,198	10,804	9,800	6,226	2,818	1,074	570	11	205	1,283	--	36,205	35,853
Total Revenues.....	<u>1,844,257</u>	<u>1,760,307</u>	<u>619,260</u>	<u>542,423</u>	<u>11,454</u>	<u>10,580</u>	<u>89,709</u>	<u>80,056</u>	<u>74,229</u>	<u>70,615</u>	<u>21,781</u>	<u>60,734</u>	<u>1,985</u>	<u>900</u>	<u>2,662,676</u>	<u>2,525,615</u>
EXPENDITURES																
Administration and Operations:																
Administration and maintenance.....	55	20	313,590	277,103	2,729	2,901	10,872	10,213	8,745	6,206	--	--	--	--	335,991	296,443
Bus operating assistance grants.....	--	--	--	--	--	--	161,627	169,206	--	--	--	--	--	--	161,627	169,206
Other grants.....	879,607	836,970	130,775	127,044	--	--	42,342	54,296	--	--	--	--	2,391	3,541	1,055,116	1,021,851
Airport development.....	--	--	--	--	--	--	--	--	77,803	65,489	--	--	--	--	77,803	65,489
Non-operating expenditures-bridges.....	--	--	2,400	2,094	--	--	--	--	--	--	--	--	--	--	2,400	2,094
Capital lease payments.....	--	--	405	279	--	--	--	--	--	--	--	--	--	--	405	279
Total Administration and Operations.....	<u>879,662</u>	<u>836,990</u>	<u>447,169</u>	<u>406,520</u>	<u>2,729</u>	<u>2,901</u>	<u>214,842</u>	<u>233,715</u>	<u>86,547</u>	<u>71,695</u>	<u>--</u>	<u>--</u>	<u>2,391</u>	<u>3,541</u>	<u>1,633,341</u>	<u>1,555,362</u>
Capital Outlay:																
Roads and bridges.....	--	--	935,457	707,752	405	--	--	9,775	--	--	57,129	95,813	--	--	992,991	813,340
Other capital outlay.....	--	--	24,541	15,304	--	--	--	--	56	20	--	--	--	--	24,597	15,324
Total Capital Outlay.....	<u>--</u>	<u>--</u>	<u>959,998</u>	<u>723,056</u>	<u>405</u>	<u>--</u>	<u>--</u>	<u>9,775</u>	<u>56</u>	<u>20</u>	<u>57,129</u>	<u>95,813</u>	<u>--</u>	<u>--</u>	<u>1,017,588</u>	<u>828,665</u>
Total Expenditures.....	<u>879,662</u>	<u>836,990</u>	<u>1,407,167</u>	<u>1,129,576</u>	<u>3,135</u>	<u>2,901</u>	<u>214,842</u>	<u>243,490</u>	<u>86,603</u>	<u>71,715</u>	<u>57,129</u>	<u>95,813</u>	<u>2,391</u>	<u>3,541</u>	<u>2,650,929</u>	<u>2,384,027</u>
Excess of Revenues Over (Under) Expenditures.....	<u>964,595</u>	<u>923,317</u>	<u>(787,907)</u>	<u>(587,153)</u>	<u>8,320</u>	<u>7,679</u>	<u>(125,133)</u>	<u>(163,434)</u>	<u>(12,375)</u>	<u>(1,100)</u>	<u>(35,347)</u>	<u>(35,079)</u>	<u>(405)</u>	<u>(2,641)</u>	<u>11,747</u>	<u>141,588</u>
OTHER FINANCING SOURCES																
Michigan Transportation Fund distribution.....	--	--	612,708	582,027	--	--	153,047	145,275	--	--	--	--	--	--	765,755	727,302
Grants and transfers from other funds and component units..	572	149	132,747	130,612	--	--	1,234	824	--	--	6,586	125	--	--	141,139	131,710
Capital lease acquisitions.....	--	--	755	251	--	--	--	--	--	--	--	--	--	--	755	251
Total Other Financing Sources.....	<u>572</u>	<u>149</u>	<u>746,210</u>	<u>712,890</u>	<u>--</u>	<u>--</u>	<u>154,281</u>	<u>146,099</u>	<u>--</u>	<u>--</u>	<u>6,586</u>	<u>125</u>	<u>--</u>	<u>--</u>	<u>907,649</u>	<u>859,263</u>
OTHER FINANCING USES																
Michigan Transportation Fund distribution.....	765,755	727,303	--	--	--	--	--	--	--	--	--	--	--	--	765,755	727,303
Grants and transfers to other funds and component units.....	199,412	196,163	16,138	12,274	7	3	249	593	267	199	293	1,542	4	5	216,369	210,779
Debt service.....	--	--	55,672	57,211	2,079	2,367	21,931	23,076	--	--	--	--	--	--	79,682	82,653
Total Other Financing Uses.....	<u>965,167</u>	<u>923,466</u>	<u>71,810</u>	<u>69,485</u>	<u>2,086</u>	<u>2,369</u>	<u>22,180</u>	<u>23,669</u>	<u>267</u>	<u>199</u>	<u>293</u>	<u>1,542</u>	<u>4</u>	<u>5</u>	<u>1,061,805</u>	<u>1,020,736</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses.....	<u>(964,595)</u>	<u>(923,317)</u>	<u>674,400</u>	<u>643,405</u>	<u>(2,086)</u>	<u>(2,369)</u>	<u>132,102</u>	<u>122,430</u>	<u>(267)</u>	<u>(199)</u>	<u>6,293</u>	<u>(1,417)</u>	<u>(4)</u>	<u>(5)</u>	<u>(154,157)</u>	<u>(161,472)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses.....	--	--	(113,508)	56,252	6,234	5,309	6,969	(41,004)	(12,641)	(1,299)	(29,054)	(36,496)	(409)	(2,645)	(142,410)	(19,884)
Fund balances-Beginning of fiscal year.....	--	--	452,551	396,299	(30,238)	(35,548)	70,035	111,040	25,008	26,307	52,793	89,290	12,387	15,032	582,536	602,420
Fund balances-End of fiscal year.....	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 339,043</u>	<u>\$ 452,551</u>	<u>\$ (24,004)</u>	<u>\$ (30,238)</u>	<u>\$ 77,004</u>	<u>\$ 70,035</u>	<u>\$ 12,367</u>	<u>\$ 25,008</u>	<u>\$ 23,739</u>	<u>\$ 52,793</u>	<u>\$ 11,978</u>	<u>\$ 12,387</u>	<u>\$ 440,126</u>	<u>\$ 582,536</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 1999
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND			BLUE WATER BRIDGE FUND		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES									
Taxes.....	\$ 1,776,210	\$ 1,776,210	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
License and permits.....	56,971	56,971	--	18,553	18,553	--	--	--	--
Federal aid.....	--	--	--	523,295	523,295	--	--	--	--
Local participation.....	--	--	--	43,302	43,302	--	--	--	--
Interest earnings.....	11,024	11,024	--	14,955	14,955	--	650	650	--
Nonoperating revenue-bridges.....	--	--	--	2,400	2,400	--	--	--	--
Miscellaneous revenue.....	51	51	--	16,756	16,756	--	10,804	10,804	--
Total Revenues.....	<u>1,844,257</u>	<u>1,844,257</u>	--	<u>619,260</u>	<u>619,260</u>	--	<u>11,454</u>	<u>11,454</u>	--
EXPENDITURES AND ENCUMBRANCES									
Administration.....	55	55	--	354,578	332,162	22,416	9,944	2,741	7,204
Bus operating assistance grants.....	--	--	--	--	--	--	--	--	--
Other grants.....	879,608	879,607	1	187,064	130,790	56,274	--	--	--
Airport development.....	--	--	--	--	--	--	--	--	--
Nonoperating expenditure-bridges.....	--	--	--	2,400	2,400	--	--	--	--
Total Administration and Operations.....	<u>879,663</u>	<u>879,662</u>	<u>1</u>	<u>544,042</u>	<u>465,352</u>	<u>78,690</u>	<u>9,944</u>	<u>2,741</u>	<u>7,204</u>
Roads and bridges.....	--	--	--	936,297	935,745	553	405	405	--
Other capital outlay.....	--	--	--	41,001	24,875	16,126	--	--	--
Total Capital Outlay.....	<u>--</u>	<u>--</u>	<u>--</u>	<u>977,299</u>	<u>960,620</u>	<u>16,679</u>	<u>405</u>	<u>405</u>	<u>--</u>
Total Expenditures and Encumbrances.....	<u>879,663</u>	<u>879,662</u>	<u>1</u>	<u>1,521,341</u>	<u>1,425,972</u>	<u>95,369</u>	<u>10,350</u>	<u>3,146</u>	<u>7,204</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances.....	<u>964,594</u>	<u>964,595</u>	<u>1</u>	<u>(902,081)</u>	<u>(806,712)</u>	<u>95,369</u>	<u>1,105</u>	<u>8,308</u>	<u>7,204</u>
OTHER FINANCING SOURCES									
Michigan Transportation Fund distribution.....	--	--	--	612,708	612,708	--	--	--	--
Grants and transfers from other funds and component units...	<u>572</u>	<u>572</u>	--	<u>135,624</u>	<u>132,747</u>	<u>(2,878)</u>	--	--	--
Total Financing Sources.....	<u>572</u>	<u>572</u>	--	<u>748,333</u>	<u>745,455</u>	<u>(2,878)</u>	--	--	--
OTHER FINANCING USES									
Michigan Transportation Fund distribution.....	765,756	765,755	1	--	--	--	--	--	--
Grants and transfers to other funds and component units.....	212,029	199,412	12,617	11,372	16,138	(4,766)	--	7	(7)
Debt service.....	--	--	--	58,777	55,672	3,104	2,367	2,079	288
Total Financing Uses.....	<u>977,784</u>	<u>965,167</u>	<u>12,617</u>	<u>70,149</u>	<u>71,810</u>	<u>(1,661)</u>	<u>2,367</u>	<u>2,086</u>	<u>281</u>
Excess Other Financial Sources Over(Under) Other Financial Uses.....	<u>(977,212)</u>	<u>(964,595)</u>	<u>12,617</u>	<u>678,184</u>	<u>673,645</u>	<u>(4,539)</u>	<u>(2,367)</u>	<u>(2,086)</u>	<u>281</u>
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses.....	<u>\$ (12,618)</u>	--	<u>\$ 12,618</u>	<u>\$ (223,897)</u>	<u>(133,067)</u>	<u>\$ 90,830</u>	<u>\$ (1,262)</u>	<u>6,223</u>	<u>\$ 7,485</u>
(Statutory/Budgetary Basis)									
Encumbrances at September 30.....	--	--	--	--	19,559	--	--	11	--
Funds not annually budgeted.....	--	--	--	--	--	--	--	--	--
Net Reconciling Items.....	--	--	--	--	19,559	--	--	11	--
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis).....	--	--	--	--	<u>(113,508)</u>	--	--	<u>6,234</u>	--
FUND BALANCES (GAAP BASIS)									
Beginning of fiscal year.....	--	--	--	--	<u>452,551</u>	--	--	<u>(30,238)</u>	--
End of fiscal year.....	--	<u>\$ --</u>	--	--	<u>\$ 339,043</u>	--	--	<u>\$ (24,004)</u>	--

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 1999
 (In Thousands)

	COMPREHENSIVE TRANSPORTATION FUND			STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND	TOTALS		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES											
Taxes.....	\$ 63,241	\$ 63,241	\$ --	\$ 8,390	\$ 8,390	\$ --	\$ --	\$ --	*****	*****	\$ --
License and permits.....	218	218	--	253	253	--	--	--	75,995	75,995	--
Federal aid.....	18,578	18,578	--	51,100	51,100	--	--	--	592,973	592,973	--
Local participation.....	81	81	--	12,731	12,731	--	--	--	56,113	56,113	--
Interest earnings.....	1,365	1,365	--	681	681	--	--	--	28,676	28,676	--
Nonoperating revenue-bridges.....	--	--	--	--	--	--	--	--	2,400	2,400	--
Miscellaneous revenue.....	6,226	6,226	--	1,074	1,074	--	--	--	34,911	34,911	--
Total Revenues.....	89,709	89,709	--	74,229	74,229	--	--	--	*****	*****	--
EXPENDITURES AND ENCUMBRANCES											
Administration.....	11,587	11,331	256	10,188	8,917	1,271	--	--	386,353	355,206	31,148
Bus operating assistance grants.....	163,362	163,285	77	--	--	--	--	--	163,362	163,285	77
Other grants.....	89,570	81,362	8,209	--	--	--	--	--	*****	*****	64,483
Airport development.....	--	--	--	81,130	79,184	1,946	--	--	81,130	79,184	1,946
Nonoperating expenditure-bridges.....	--	--	--	--	--	--	--	--	2,400	2,400	--
Total Administration and Operations.....	264,519	255,977	8,542	91,318	88,101	3,218	--	--	*****	*****	97,654
Roads and bridges.....	--	--	--	--	--	--	--	--	936,703	936,150	553
Other capital outlay.....	--	--	--	108	108	--	--	--	41,109	24,983	16,126
Total Capital Outlay.....	--	--	--	108	108	--	--	--	977,812	961,133	16,679
Total Expenditures and Encumbrances.....	264,519	255,977	8,542	91,426	88,208	3,218	--	--	*****	*****	114,332
Excess of Revenue Over(Under) Expenditures and Encumbrances.....	(174,811)	(166,269)	8,542	(17,197)	(13,980)	3,218	--	--	(128,389)	(14,057)	114,332
OTHER FINANCING SOURCES											
Michigan Transportation Fund distribution.....	153,047	153,047	--	--	--	--	--	--	765,755	765,755	--
Grants and transfers from other funds and component units.....	1,510	1,234	(276)	--	--	--	--	--	137,706	134,553	(3,153)
Total Financing Sources.....	154,557	154,281	(276)	--	--	--	--	--	903,462	900,308	(3,153)
OTHER FINANCING USES											
Michigan Transportation Fund distribution.....	--	--	--	--	--	--	--	--	765,756	765,755	1
Grants and transfers to other funds and component units.....	300	249	51	331	267	64	--	--	224,032	216,072	7,960
Debt service.....	21,935	21,931	5	--	--	--	--	--	83,079	79,682	3,397
Total Financing Uses.....	22,235	22,180	56	331	267	64	--	--	*****	*****	11,358
Excess Other Financial Sources Over(Under) Other Financial Uses.....	132,321	132,102	(220)	(331)	(267)	64	--	--	(169,405)	(161,201)	8,204
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses.....	<u>\$ (42,489)</u>	<u>(34,167)</u>	<u>\$ 8,322</u>	<u>\$ (17,528)</u>	<u>(14,246)</u>	<u>\$ 3,282</u>	--	--	<u>\$ (297,794)</u>	<u>(175,257)</u>	<u>\$ 122,537</u>
(Statutory/Budgetary Basis)											
Encumbrances at September 30.....		41,136			1,605		--	--		62,311	
Funds not annually budgeted.....		--			--		(29,054)	(409)		(29,463)	
Net Reconciling Items.....		41,136			1,605		(29,054)	(409)		32,848	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis).....		6,969			(12,641)		(29,054)	(409)		(142,410)	
FUND BALANCES (GAAP BASIS)											
Beginning of fiscal year.....		70,035			25,008		52,793	12,387		582,536	
End of fiscal year.....		<u>\$ 77,004</u>			<u>\$ 12,367</u>		<u>\$ 23,739</u>	<u>\$ 11,978</u>		<u>\$ 440,126</u>	

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 1998
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND			BLUE WATER BRIDGE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES									
Taxes.....	\$ 1,687,523	\$ 1,687,523	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
License and permits.....	60,311	59,050	(1,261)	20,259	20,259	--	--	--	--
Federal aid.....	--	--	--	458,841	458,841	--	--	--	--
Local participation.....	--	--	--	28,668	28,668	--	--	--	--
Interest earnings.....	12,473	12,473	--	11,363	11,363	--	780	780	--
Nonoperating revenue-bridges.....	--	--	--	2,094	2,094	--	--	--	--
Miscellaneous revenue.....	--	1,261	1,261	21,198	21,198	--	9,800	9,800	--
Total Revenues.....	1,760,307	1,760,307	--	542,423	542,423	--	10,580	10,580	--
EXPENDITURES AND ENCUMBRANCES									
Administration and maintenance.....	20	20	--	311,955	293,719	18,237	9,872	2,901	6,970
Bus operating assistance grants.....	--	--	--	--	--	--	--	--	--
Other grants.....	836,970	836,970	--	127,224	127,060	163	--	--	--
Airport development.....	--	--	--	--	--	--	--	--	--
Nonoperating expenditure-bridges.....	--	--	--	2,094	2,094	--	--	--	--
Total Administration and Operations.....	836,990	836,990	--	441,274	422,873	18,400	9,872	2,901	6,970
Roads and bridges.....	--	--	--	708,352	708,347	5	--	--	--
Other capital outlay.....	--	--	--	17,521	15,905	1,616	--	--	--
Total Capital Outlay.....	--	--	--	725,873	724,252	1,621	--	--	--
Total Expenditures and Encumbrances.....	836,990	836,990	--	1,167,146	1,147,126	20,021	9,872	2,901	6,970
Excess of Revenue Over(Under) Expenditures and Encumbrances.....	923,317	923,317	--	(624,723)	(604,702)	20,021	709	7,679	6,970
OTHER FINANCING SOURCES									
Michigan Transportation Fund distribution.....	--	--	--	582,027	582,027	--	--	--	--
Grants and transfers from other funds and component units.....	149	149	--	130,612	130,612	--	--	--	--
Total Other Financing Sources.....	149	149	--	712,639	712,639	--	--	--	--
OTHER FINANCING USES									
Michigan Transportation Fund distribution.....	727,303	727,303	--	--	--	--	--	--	--
Grants and transfers to other funds and component units.....	207,003	196,163	10,840	15,292	12,274	3,018	--	3	(3)
Debt service.....	--	--	--	57,774	57,211	563	2,386	2,367	19
Total Financing Uses.....	934,307	923,466	10,840	73,066	69,485	3,581	2,386	2,369	17
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses.....	<u>\$ (10,840)</u>	--	<u>\$ 10,840 *</u>	<u>\$ 14,850</u>	38,452	<u>\$ 23,602</u>	<u>\$ (1,677)</u>	5,309	<u>\$ 6,987 *</u>
RECONCILING ITEMS									
Encumbrances at September 30.....	--	--	--	--	17,800	--	--	--	--
Funds not annually budgeted.....	--	--	--	--	--	--	--	--	--
Net Reconciling Items.....	--	--	--	--	17,800	--	--	--	--
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis).....	--	--	--	--	56,252	--	--	5,309	--
FUND BALANCES (GAAP BASIS)									
Beginning of fiscal year.....	--	--	--	--	396,299	--	--	(35,548)	--
End of fiscal year.....	--	<u>\$ --</u>	--	--	<u>\$ 452,551</u>	--	--	<u>\$ (30,238)</u>	--

*See Note 2

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 1998
 (In Thousands)

	COMPREHENSIVE TRANSPORTATION FUND			STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TOTALS		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES											
Taxes.....	\$ 60,310	\$ 60,310	\$ --	\$ 6,868	\$ 6,868	\$ --	\$ --	\$ --	\$1,754,700	\$1,754,700	\$ --
License and permits.....	--	212	212	--	86	86	--	--	80,570	79,607	(964)
Federal aid.....	13,190	13,190	--	47,582	47,582	--	--	--	519,612	519,612	--
Local participation.....	--	92	92	14,067	14,067	--	--	--	42,735	42,827	92
Interest earnings.....	3,435	3,435	--	1,442	1,442	--	--	--	29,493	29,493	--
Nonoperating revenue-bridges.....	--	--	--	--	--	--	--	--	2,094	2,094	--
Miscellaneous revenue.....	3,122	2,818	(303)	656	570	(86)	--	--	34,776	35,648	872
Total Revenues.....	80,056	80,056	--	70,615	70,615	--	--	--	2,463,981	2,463,981	--
EXPENDITURES AND ENCUMBRANCES											
Administration.....	11,393	10,298	1,096	6,993	6,309	684	--	--	340,233	313,247	26,987
Bus operating assistance grants.....	169,240	169,213	27	--	--	--	--	--	169,240	169,213	27
Other grants.....	94,382	86,017	8,365	--	--	--	--	--	1,058,576	1,050,047	8,529
Airport development.....	--	--	--	67,086	67,086	--	--	--	67,086	67,086	--
Nonoperating expenditure-bridges.....	--	--	--	--	--	--	--	--	2,094	2,094	--
Total Administration and Operations.....	275,015	265,527	9,488	74,080	73,395	684	--	--	1,637,230	1,601,688	35,542
Roads and bridges.....	9,775	9,775	--	--	--	--	--	--	718,127	718,122	5
Other capital outlay.....	--	--	--	20	20	--	--	--	17,541	15,925	1,616
Total Capital Outlay.....	9,775	9,775	--	20	20	--	--	--	735,668	734,047	1,621
Total Expenditures and Encumbrances.....	284,790	275,302	9,488	74,100	73,415	684	--	--	2,372,898	2,335,735	37,163
Excess of Revenue Over(Under) Expenditures and Encumbrances.....	(204,734)	(195,246)	9,488	(3,485)	(2,801)	684	--	--	91,084	128,247	37,163
OTHER FINANCING SOURCES											
Michigan Transportation Fund distribution.....	146,099	145,275	(824)	--	--	--	--	--	728,126	727,302	(824)
Grants and transfers from other funds and component units....	--	824	824	--	--	--	--	--	130,761	131,585	824
Total Financing Sources.....	146,099	146,099	--	--	--	--	--	--	858,887	858,887	--
OTHER FINANCING USES											
Michigan Transportation Fund distribution.....	--	--	--	--	--	--	--	--	727,303	727,303	--
Grants and transfers to other funds and component units.....	305	593	(289)	265	199	66	--	--	222,864	209,232	13,632
Debt service.....	23,129	23,076	54	--	--	--	--	--	83,289	82,653	636
Total Financing Uses.....	23,434	23,669	(235)	265	199	66	--	--	1,033,457	1,019,189	14,268
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses.....	<u>\$ (82,069)</u>	<u>(72,816)</u>	<u>\$ 9,253</u>	<u>\$ (3,749)</u>	<u>(2,999)</u>	<u>\$ 750</u>	<u>--</u>	<u>--</u>	<u>\$ (83,486)</u>	<u>(32,055)</u>	<u>\$ 51,431 *</u>
(Statutory/Budgetary Basis) Encumbrances at September 30.....		31,812			1,701		--	--		51,313	
Funds not annually budgeted.....		--			--		(36,496)	(2,645)		(39,142)	
Net Reconciling Items.....		31,812			1,701		(36,496)	(2,645)		12,171	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis).....		(41,004)			(1,299)		(36,496)	(2,645)		(19,884)	
FUND BALANCES (GAAP BASIS)											
Beginning of fiscal year.....		111,040			26,307		89,290	15,032		602,420	
End of fiscal year.....		\$ 70,035			\$ 25,008		\$ 52,793	\$ 12,387		\$ 582,536	



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MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to Public Act 51 of 1951, as amended, to account for debt service on all State Trunkline Fund related bond issues. As of October 1, 1986, the debt service funds for the outstanding bond issues were merged by equity transfer into this debt service fund. All subsequent State Trunkline Fund related bond issues are accounted for in this fund. The funds merged include the 1983 State Trunkline Fund Bond and Interest Redemption Fund, the 1984 State Trunkline Fund Bond and Interest Redemption Fund, the 1986 State Trunkline Refunding Bond and Interest Redemption Fund, and the Michigan Trunkline Bond and Interest Redemption Fund, Series II through IX.

The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Debt service requirements are funded by annual appropriations in the State Trunkline Fund.

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to Public Act 51 of 1951, as amended, to account for debt service on all Comprehensive Transportation Fund related bond issues. As of October 1, 1986, the debt service funds for outstanding bond issues were merged by equity transfer into this debt service fund. All subsequent Comprehensive Transportation Fund related bond issues are accounted for in this fund. The funds merged include the Comprehensive Transportation Bond and Interest Redemption Fund, and the 1986 Comprehensive Transportation Refunding Bond and Interest Redemption Fund.

The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund. Debt service requirements are funded by annual appropriations in the Comprehensive Transportation Fund.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
 SEPTEMBER 30, 1999 and 1998
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	1999	1998	1999	1998	1999	1998
ASSETS						
Current Assets:						
Equity in Common Cash.....	\$ --	\$ 13	\$ --	\$ --	\$ --	\$ 13
Amounts due from other funds.....	--	--	--	--	--	--
Miscellaneous.....	--	--	--	--	--	--
Total Assets.....	<u>\$ --</u>	<u>\$ 13</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants Outstanding	\$ --	\$ 3	\$ --	\$ --	\$ --	\$ 3
Accounts payable and other liabilities.....	--	10	--	--	--	10
Amounts due to other funds.....	--	--	--	--	--	--
Total Liabilities.....	<u>--</u>	<u>13</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13</u>
Fund Balances:						
Unreserved.....	--	--	--	--	--	--
Total Fund Balances.....	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities and Fund Balances.....	<u>\$ --</u>	<u>\$ 13</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 1999 and 1998
(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	1999	1998	1999	1998	1999	1998
REVENUES						
Interest earnings.....	\$ --	\$ 1	\$ 1	\$ --	\$ 2	\$ 1
Total Revenues.....	--	1	1	--	2	1
EXPENDITURES						
Bond principal retirement.....	30,110	28,580	8,040	9,990	38,150	38,570
Bond interest and fiscal charges.....	27,641	32,747	13,891	13,086	41,532	45,832
Total Expenditures.....	57,751	61,327	21,931	23,076	79,682	84,402
Excess of Revenues Over (Under) Expenditures....	(57,751)	(61,326)	(21,930)	(23,076)	(79,680)	(84,402)
OTHER FINANCING SOURCES						
Proceeds from refunding bond issues.....	--	381,586	--	39,641	--	421,227
Transfer from State Trunkline Fund.....	57,751	59,577	--	--	57,751	59,577
Transfer from Comprehensive Transportation Fund.....	--	--	21,931	23,076	21,931	23,076
Total Other Financing Sources.....	57,751	441,164	21,931	62,717	79,682	503,881
OTHER FINANCING USES						
Transfer to Treasury for operations.....	--	1	1	--	2	1
Payment to refunded bond escrow agent.....	--	379,837	--	39,641	--	419,478
Total Other Financing Uses.....	--	379,838	1	39,641	2	419,479
Excess of Other Sources Over (Under) Other Uses.	57,751	61,326	21,930	23,076	79,680	84,402
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	--	--	--	--	--	--
Fund balances-Beginning of fiscal year.....	--	--	--	--	--	--
Fund balances-End of fiscal year.....	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --



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**MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999**

TRANSPORTATION RELATED TRUST FUND

To achieve administrative efficiencies, effective October 1, 1990, the Special Federal Bridge Replacement Trust Fund, the Federal County Road Trust Fund, the Federal Urban Transportation System Trust Fund, and the Highway Topics and Safety Program Trust Fund were combined in a single trust fund. The functions and purposes of these funds, although combined in a single fund, remain unchanged. The following sub-funds are included:

SPECIAL FEDERAL BRIDGE REPLACEMENT TRUST FUND

This fund was established in conjunction with the Federal Highway Act of 1970, Section 144. The fund accounts for the federal, state, and local funding used to upgrade state and locally-owned bridges.

FEDERAL COUNTY ROAD TRUST FUND

This fund was established in conjunction with the Federal Highway Act of 1944, as amended. The fund accounts for the federal, state, and local money expended to meet the road construction needs of rural areas and communities with populations less than 5,000.

FEDERAL URBAN TRANSPORTATION SYSTEM TRUST FUND

This fund was created to administer provisions of the Federal Highway Act of 1970, as amended. The fund accounts for the federal, state, and local money expended to meet the road construction needs of communities with populations 5,000 or more.

HIGHWAY TOPICS AND SAFETY PROGRAM TRUST FUND

This fund was established in conjunction with the Federal Highway Acts of 1968 and 1973. The fund accounts for federal, state, and local money used to fund urban and road safety projects.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET
TRANSPORTATION RELATED TRUST FUND
 SEPTEMBER 30, 1999 and 1998
 (In Thousands)

	<u>1999</u>	<u>1998</u>
ASSETS		
Equity in Common Cash.....	\$ 4,410	\$ --
Receivables:		
Federal aid.....	16,760	25,627
Local units.....	10,180	7,052
Miscellaneous.....	<u>67</u>	<u>1</u>
Total Assets.....	\$ <u>31,417</u>	\$ <u>32,680</u>
LIABILITIES AND FUND BALANCES		
Warrants outstanding.....	\$ 4,013	\$ 5,155
Accounts payable.....	23,292	16,751
Contract reserve payable.....	3,643	3,332
Due to other funds.....	--	7,442
Deferred revenue.....	<u>469</u>	<u>--</u>
Total Liabilities.....	<u>31,417</u>	<u>32,680</u>
Fund Balances:		
Unreserved.....	--	--
Total Fund Balances.....	--	--
Total Liabilities and Fund Balances.....	\$ <u>31,417</u>	\$ <u>32,680</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**
TRANSPORTATION RELATED TRUST FUND
FISCAL YEARS ENDED SEPTEMBER 30, 1999 and 1998
(In Thousands)

	TOTAL	
	1999	1998
REVENUES		
Federal aid.....	\$ 115,884	\$ 96,043
Local participation.....	43,096	30,044
Miscellaneous.....	48	23
Total Revenues.....	159,028	126,111
EXPENDITURES		
Payments to contractors and miscellaneous project costs.....	142,321	117,759
Federal pass-through funds to locals	16,280	14,351
State participation costs incurred by locals.....	3	57
Comprehensive Transportation Fund participation costs incurred by locals.....	1	483
Total Expenditures.....	158,605	132,650
Excess of Revenues Over (Under) Expenditures.....	423	(6,539)
OTHER FINANCING SOURCES		
Transfer from State Trunkline Fund.....	96	6,059
Transfer from Comprehensive Transportation Fund.....	18	484
Total Other Financing Sources.....	114	6,543
OTHER FINANCING USES		
Transfer to Department of Treasury for operations.....	1	1
Transfer to Comprehensive Transportation Fund.....	15	1
Transfer to State Trunkline Fund.....	522	1
Total Other Financing Uses.....	537	4
Excess of Other Financing Sources Over (Under) Other Financing Uses.....	(423)	6,539
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....	--	--
Fund balances-Beginning of fiscal year.....	--	--
Fund balances-End of fiscal year.....	\$ --	\$ --

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTION OF AGENCY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1999

METROPOLITAN PLANNING FUND

This fund was established by the Federal Highway Act of 1973, Sections 112 and 134, to account for federal "pass through" funds that reimburse local regional planning agencies for operating expenses. Local money is advanced to the fund, approximately 80 percent of which is reimbursed to the local unit by the federal government. The financing accounted for in this fund consists of federal and local money. No state funds are involved.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
METROPOLITAN PLANNING FUND
FISCAL YEARS ENDED SEPTEMBER 30, 1999 and 1998
(In Thousands)

	Balance September 30, 1997	Additions	Deductions	Balance September 30, 1998	Additions	Deductions	Balance September 30, 1999
ASSETS							
Current Assets:							
Equity in Common Cash.....\$	74	\$ 6,623	\$ 5,309	1,388	\$ 5,793	7,062	\$ 119
Amounts due from federal.....	598	--	521	77	126	77	126
Amounts due from local.....	--	--	--	--	--	--	--
Total Assets.....\$	<u>672</u>	<u>\$ 6,623</u>	<u>\$ 5,830</u>	<u>\$ 1,465</u>	<u>\$ 5,920</u>	<u>\$ 7,139</u>	<u>\$ 246</u>
LIABILITIES							
Current Liabilities:							
Warrants outstanding.....\$	48	\$ --	\$ 20	28	\$ 29		\$ 57
Accounts payable and other liabilities.....	624	6,623	5,810	1,437	5,952	7,200	189
Total Liabilities.....\$	<u>672</u>	<u>\$ 6,623</u>	<u>\$ 5,830</u>	<u>\$ 1,465</u>	<u>\$ 5,981</u>	<u>\$ 7,200</u>	<u>\$ 246</u>



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III. STATISTICAL FINANCIAL DATA

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUNDS
LAST TEN YEARS
 SEPTEMBER 30, 1999
 (In Thousands)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
REVENUES AND OTHER SOURCES:										
MICHIGAN TRANSPORTATION FUND.....	\$ 1,161,300	\$ 1,164,971	\$ 1,196,353	\$ 1,264,114	\$ 1,299,440	\$ 1,361,993	\$ 1,402,386	\$ 1,531,558	\$ 1,760,457	\$ 1,844,829
STATE TRUNKLINE FUND										
ECONOMIC DEVELOPMENT.....	68,711	81,144	77,993	85,954	125,479	132,328	111,438	100,715	100,287	114,030
TRADITIONAL PROGRAM.....	689,220	700,166	744,417	646,192	585,596	664,417	704,757	924,447	1,155,026	1,251,440
BLUE WATER BRIDGE FUND.....	--	--	--	--	--	529	1,386	536	10,580	11,454
COMPREHENSIVE TRANSPORTATION FUND.....	164,019	158,341	153,329	172,662	189,127	215,001	219,502	228,497	226,155	243,990
AERONAUTICS FUND.....	44,024	45,479	121,746	76,201	68,639	76,468	94,190	91,272	70,615	74,229
COMPREHENSIVE TRANSPORTATION BOND										
CONSTRUCTION FUND.....	27	--	--	--	--	--	--	--	--	--
1983 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	1	--	--	--	--	--	--	--	--	--
1984 COMPREHENSIVE TRANSPORTATION										
BOND PROCEEDS FUND.....	922	126	28	20	10	--	--	--	--	--
1984 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	318	54	24	17	--	--	--	--	--	--
1989 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	137,634	6,368	4,579	1,015	471	--	2,381	324	253	5,508
1992 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	--	--	217,169	179,099	243,403	159,098	64,312	35,622	18,373	12,288
1992 STATE TRUNKLINE CRITICAL BRIDGE BOND										
PROCEEDS FUND.....	--	--	30,179	1,013	710	433	132	111	104	76
1992 COMPREHENSIVE TRANSPORTATION										
BOND PROCEEDS FUND.....	--	--	35,415	1,098	1,017	1,446	--	1,064	900	1,985
1994 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	--	--	--	--	153,363	88,044	149,869	103,710	40,051	10,615
1996 STATE TRUNKLINE BOND PROCEEDS FUND.....	--	--	--	--	--	--	--	56,391	2,079	(119)
TOTAL REVENUES AND OTHER SOURCES.....	\$ 2,266,176	\$ 2,156,649	\$ 2,581,232	\$ 2,427,385	\$ 2,667,255	\$ 2,699,757	\$ 2,750,353	\$ 3,074,247	\$ 3,384,879	\$ 3,570,324
EXPENDITURES AND OTHER USES:										
MICHIGAN TRANSPORTATION FUND.....	\$ 1,161,728	\$ 1,164,971	\$ 1,196,353	\$ 1,264,114	\$ 1,299,440	\$ 1,361,993	\$ 1,402,385	\$ 1,531,558	\$ 1,760,457	\$ 1,844,829
STATE TRUNKLINE FUND										
ECONOMIC DEVELOPMENT.....	50,526	65,698	68,920	73,125	109,076	127,426	145,609	124,129	109,345	115,337
TRADITIONAL PROGRAM.....	729,719	740,553	727,136	641,575	592,755	639,036	641,136	879,185	1,089,716	1,363,640
BLUE WATER BRIDGE FUND.....	--	--	--	--	--	7,998	30,001	--	5,271	5,220
COMPREHENSIVE TRANSPORTATION FUND.....	186,664	190,649	173,459	172,685	170,091	179,070	199,578	223,501	267,159	237,021
AERONAUTICS FUND.....	43,766	43,051	122,463	80,348	62,843	79,254	92,574	83,243	71,914	86,870
COMPREHENSIVE TRANSPORTATION BOND										
CONSTRUCTION FUND.....	2,780	--	--	--	--	--	--	--	--	--
1983 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	50	--	--	--	--	--	--	--	--	--
1984 COMPREHENSIVE TRANSPORTATION										
BOND PROCEEDS FUND.....	8,722	2,454	46	--	639	--	--	--	--	--
1984 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	625	37	248	--	--	--	--	--	--	--
1989 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	21,577	42,154	41,432	24,176	17,137	1,796	4,405	1,066	1,519	3,126
1992 STATE TRUNKLINE BOND										
PROCEEDS FUND.....	--	--	24,330	232,520	284,386	217,576	73,640	43,521	23,027	16,050
1992 STATE TRUNKLINE CRITICAL BRIDGE BOND										
PROCEEDS FUND.....	--	--	32	3,077	12,751	10,539	4,094	157	580	242
1992 COMPREHENSIVE TRANSPORTATION										
BOND PROCEEDS FUND.....	--	--	252	7,486	4,787	3,743	--	6,569	3,545	2,395
1994 STATE TRUNKLINE BOND										
BOND PROCEEDS FUND.....	--	--	--	--	14,861	140,602	198,243	119,378	52,368	14,228
1996 STATE TRUNKLINE BOND PROCEEDS FUND.....	--	--	--	--	--	--	--	12,695	19,862	23,776
TOTAL EXPENDITURES AND OTHER USES.....	\$ 2,206,157	\$ 2,249,567	\$ 2,354,671	\$ 2,499,106	\$ 2,568,766	\$ 2,769,033	\$ 2,791,664	\$ 3,025,002	\$ 3,404,762	\$ 3,712,734

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND
FISCAL YEARS ENDED SEPTEMBER 30, 1999 and 1998
(In Thousands)

	1999	1998
REVENUES AND OTHER SOURCES		
Licenses and permits.....	\$ 12,621	\$ 11,827
Federal aid	27,615	22,711
Local participation.....	26,511	20,377
Interest earnings.....	4,677	5,025
Michigan Transportation Fund distribution.....	40,275	40,290
Miscellaneous.....	2,329	56
Total Revenues and Other Sources.....	<u>114,030</u>	<u>100,287</u>
EXPENDITURES AND OTHER USES		
Administration.....	300	314
Forest roads.....	5,040	5,000
Target industries-state takeovers.....	41,330	37,316
Rural county urban system.....	5,745	6,403
Urban county congestion.....	22,772	27,400
Rural county primary.....	29,315	23,286
Debt service.....	<u>10,834</u>	<u>9,625</u>
Total Expenditures and Other Uses.....	<u>115,337</u>	<u>109,345</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(1,308)</u>	<u>(9,058)</u>
Fund Balances-Beginning of fiscal year.....	63,659	72,717
Fund Balances-End of fiscal year.....	<u>\$ 62,351</u>	<u>\$ 63,659</u>

The Economic Development Fund was created as a subfund of the State Trunkline Fund during fiscal year 1988. The amounts shown above have been reported as part of the State Trunkline Fund in previous schedules of this report. This supplementary schedule was prepared to provide additional information pertaining specifically to the Economic Development Fund.

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON THE OUTSTANDING BONDS
STATE TRUNKLINE FUND AND COMPREHENSIVE TRANSPORTATION FUND
SEPTEMBER 30, 1999
(In Thousands)

FISCAL YEARS ENDING SEPTEMBER 30	STATE TRUNKLINE FUND			COMPREHENSIVE TRANSPORTATION FUND			COMBINED TOTAL		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2000	17,745	29,464	47,209	8,295	11,650	19,945	26,040	41,114	67,154
2001	18,670	28,530	47,200	10,465	11,232	21,697	29,135	39,763	68,898
2002	19,690	27,512	47,202	11,130	10,668	21,798	30,820	38,180	69,000
2003	20,780	26,422	47,202	11,545	10,057	21,602	32,325	36,479	68,804
2004	18,050	25,423	43,473	12,330	9,404	21,734	30,380	34,826	65,206
2005	18,801	24,504	43,306	13,945	8,671	22,616	32,746	33,175	65,922
2006	12,809	23,866	36,675	15,265	7,801	23,066	28,074	31,668	59,741
2007	14,279	23,495	37,775	16,135	6,935	23,070	30,414	30,430	60,845
2008	14,288	23,071	37,359	17,055	6,012	23,067	31,343	29,083	60,426
2009	14,325	22,638	36,962	18,010	5,060	23,070	32,335	27,697	60,032
2010	17,096	22,091	39,187	19,140	3,924	23,064	36,236	26,015	62,251
2011	17,453	21,415	38,868	20,190	2,876	23,066	37,643	24,291	61,934
2012	17,907	20,703	38,609	6,660	2,068	8,728	24,567	22,771	47,338
2013	18,396	19,952	38,348	6,985	1,711	8,696	25,381	21,663	47,044
2014	29,375	18,788	48,163	7,345	1,341	8,686	36,720	20,129	56,849
2015	30,975	17,190	48,165	1,780	951	2,731	32,755	18,141	50,896
2016	32,660	15,505	48,165	1,875	853	2,728	34,535	16,357	50,892
2017	34,470	13,692	48,162	1,980	750	2,730	36,450	14,441	50,891
2018	36,420	11,742	48,162	2,090	641	2,731	38,510	12,383	50,893
2019	38,480	9,683	48,163	2,200	526	2,726	40,680	10,208	50,888
2020	40,530	7,633	48,163	2,325	405	2,730	42,855	8,038	50,893
2021	42,570	5,600	48,170	2,450	277	2,727	45,020	5,877	50,897
2022	44,745	3,419	48,164	2,585	142	2,727	47,330	3,561	50,891
2023	12,170	1,975	14,145	--	--	--	12,170	1,975	14,145
2024	12,800	1,350	14,150	--	--	--	12,800	1,350	14,150
2025	13,455	694	14,149	--	--	--	13,455	694	14,149
2026	3,485	270	3,755	--	--	--	3,485	270	3,755
2027	3,665	92	3,757	--	--	--	3,665	92	3,757
TOTAL	\$ 616,089	\$ 446,718	\$ 1,062,808	\$ 211,780	\$ 103,953	\$ 315,733	\$ 827,869	\$ 550,671	\$ 1,378,540

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 1999
(In Thousands)

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>	<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Special Projects</u>	<u>Other Activities</u>
STATE TRUNKLINE FUND								
Roads and bridges.....	\$ 952,390	\$ 66,359	\$ 54,039	\$ 198	\$ 768,487	\$ 46,992	\$ 11	\$ 16,304
Economic development fund.....	98,387	1,256	6,378	--	83,300	1,979	--	5,473
Work orders - state facilities.....	6,928	--	2	--	(21)	9	--	6,938
Subtotal.....	<u>1,057,705</u>	<u>67,614</u>	<u>60,419</u>	<u>198</u>	<u>851,766</u>	<u>48,980</u>	<u>11</u>	<u>28,716</u>
STATE AERONAUTICS AND GENERAL FUNDS								
Airport development.....	89,550	4,190	25,565	--	44,144	12,334	--	3,318
Work orders and other.....	56	--	--	--	63	--	--	(7)
Subtotal.....	<u>89,606</u>	<u>4,190</u>	<u>25,565</u>	<u>--</u>	<u>44,206</u>	<u>12,334</u>	<u>--</u>	<u>3,311</u>
COMPREHENSIVE TRANSPORTATION FUND								
Rail freight.....	6,276	--	--	--	--	--	--	6,276
Bus transit.....	16,821	--	--	--	--	--	--	16,821
Intercity bus, rail, water.....	5,795	--	--	--	--	--	--	5,795
Subtotal.....	<u>28,893</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>28,893</u>
BOND FUNDS								
1989 State Trunkline.....	3,126	311	5,464	--	55	--	--	(2,704)
1992 State Trunkline.....	16,047	5,521	3,283	552	3,068	533	--	3,090
1992 Comprehensive Transportation.....	2,833	--	--	--	--	--	--	2,833
1994 State Trunkline.....	14,181	267	6,218	159	6,769	609	--	158
1996 State Trunkline.....	23,776	47	10,546	--	10,919	2,080	--	184
Subtotal.....	<u>59,961</u>	<u>6,145</u>	<u>25,510</u>	<u>711</u>	<u>20,811</u>	<u>3,222</u>	<u>--</u>	<u>3,561</u>
Total Capital Acquisitions.....	<u>\$ 1,236,165</u>	<u>\$ 77,949</u>	<u>\$ 111,494</u>	<u>\$ 909</u>	<u>\$ 916,784</u>	<u>\$ 64,537</u>	<u>\$ 11</u>	<u>\$ 64,481</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 1998
(In Thousands)

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>	<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Special Projects</u>	<u>Other Activities</u>
STATE TRUNKLINE FUND								
Roads and bridges.....	\$ 712,891	\$ 55,426	\$ 24,530	\$ 73	\$ 555,972	\$ 39,660	\$ 5	\$ 37,225
Economic development fund.....	99,210	524	849	--	90,734	1,837	--	5,266
Work orders - state facilities.....	4,953	--	5	--	--	9	--	4,939
Subtotal.....	817,053	55,950	25,384	73	646,706	41,506	5	47,430
BLUE WATER BRIDGE FUND	14	14	--	--	--	--	--	--
Subtotal.....	14	14	--	--	--	--	--	--
STATE AERONAUTICS AND GENERAL FUNDS								
Airport development*.....	66,217	4,291	7,064	--	30,203	22,221	--	2,436
Work orders and other.....	20	--	--	--	--	--	--	20
Subtotal.....	66,236	4,291	7,064	--	30,203	22,221	--	2,456
COMPREHENSIVE TRANSPORTATION FUND								
Rail freight.....	8,041	--	--	--	--	--	--	8,041
Bus transit.....	17,188	--	--	--	--	--	--	17,188
Intercity bus, rail, water.....	5,460	--	--	--	--	--	--	5,460
Subtotal.....	30,689	--	--	--	--	--	--	30,689
BOND FUNDS								
1989 State Trunkline.....	1,465	665	1,028	--	--	3	--	(230)
1992 State Trunkline.....	23,007	4,421	5,693	179	9,880	1,019	--	1,816
1992 Comprehensive Transportation.....	2,920	--	--	--	--	--	--	2,920
1994 State Trunkline.....	51,151	(1,053)	10,377	189	38,212	2,623	--	802
1996 State Trunkline.....	19,862	160	7,964	--	7,900	2,965	--	874
Subtotal.....	98,405	4,193	25,061	368	55,992	6,610	--	6,181
Total Capital Acquisitions.....	<u>\$ 1,012,397</u>	<u>\$ 64,447</u>	<u>\$ 57,509</u>	<u>\$ 441</u>	<u>\$ 732,900</u>	<u>\$ 70,338</u>	<u>\$ 5</u>	<u>\$ 86,757</u>

*1998 totals are corrected to include airport development acquisitions from the general fund.

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998
(In Thousands)

GRANTOR AGENCY/ FEDERAL ASSISTANCE PROGRAM TITLE	CATALOG OF FEDERAL DOMESTIC ASSISTANCE PROGRAM NUMBER	AMOUNT OF AWARD		AMOUNTS TRANSFERRED TO OTHER STATE AGENCIES		EXPENDITURE OF FEDERAL FUNDS (A) DIRECTLY EXPENDED BY DEPARTMENT		DISTRIBUTED TO NON-STATE SUBRECIPIENTS		TOTAL	
		1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Federal Highway Administration:											
Highway Research Planning and Construction (B)	20.205	N/A	N/A	\$ --	\$ --	\$ 622,254	\$ 600,078	\$ 47,922	\$ 16,352	\$ 670,176	\$ 616,430
Inter-City Motor Carrier Bus Safety Inspection Program	20.218	\$ 95	\$ 95	--	--	83	81	--	--	83	81
Total Federal Highway Administration:				--	--	622,337	600,159	47,922	16,352	670,259	616,511
Federal Aviation Administration: (C)											
Airport Improvement Program	20.106	N/A	N/A	--	--	49,703	25,141	1,324	22,441	51,027	47,582
Total Federal Aviation Administration				--	--	49,703	25,141	1,324	22,441	51,027	47,582
Federal Railroad Administration:											
Rail Capital and Operating Assistance	20.308	--	--	--	--	258	3,134	--	--	258	3,134
Total Federal Railroad Administration:				--	--	258	3,134	--	--	258	3,134
Federal Transit Administration:											
Section 3/Transit Capital	20.500	9,925	11,329	--	--	865	4,202	9,439	3,609	10,304	7,811
Section 18/Public Transportation for Non-Urbanized Areas/Operating	20.509	--	4,536	--	--	843	(96)	98	3,866	941	3,770
Section 18/Public Transportation for Non-Urbanized Areas/Capital	20.509	8,846	2,032	--	--	17	321	5,183	1,192	5,200	1,513
Section 8-9/Urban Mass Transportation Technical Studies Grants	20.505	--	1,470	--	--	54	1,606	--	--	54	1,606
Section 16(b)2-Urban Mass Transportation Capital Improvement Grants	20.500	4,845	--	--	--	860	1,059	523	643	1,383	1,702
Section 26-FTA Planning/Engineering Design	20.500	--	293	--	--	177	41	179	281	356	322
Total Federal Transit Administration:				\$ --	\$ --	\$ 2,816	\$ 7,133	\$ 15,422	\$ 9,591	\$ 18,238	\$ 16,724
DEPARTMENT TOTAL:				\$ --	\$ --	\$ 675,114	\$ 635,567	\$ 64,668	\$ 48,384	\$ 739,782	\$ 683,951

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998

- (A) The amount of federal financial assistance reported in the State of Michigan's audited financial statements pertaining to the Department for fiscal year 1998 is less than the assistance reported on this schedule. Federal financial assistance included in the agency funds as other financing sources (grants and transfers from other funds) in the audited financial statements is reported as federal expenditures on this schedule (in thousands):

	<u>1998</u>
Assistance Per Schedule of Expenditures of Federal Awards	\$683,951
Agency Funds and Transfers	<u>(5,790)</u>
Total Federal Financial Assistance	<u>\$678,161</u>

For fiscal year 1999, the Schedule of Expenditures of Federal Awards does not show expenditures from agency funds therefore the reconciliation is no longer necessary.

- (B) The amount of the award for Federal Highway Administration (FHWA) highway research and planning and construction is not stated because federal financial assistance is allocated to the Department in annual apportionments rather than grants. Any unused apportionment is carried forward into the next fiscal year. Projects programmed are not linked to a specific apportionment or obligational authority.
- (C) The amount of award for the Federal Aviation Administration (FAA) airport improvement program is not stated because federal financial assistance is awarded to locally owned airports and the amount of grants awarded is not available.



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MICHIGAN DEPARTMENT OF TRANSPORTATION

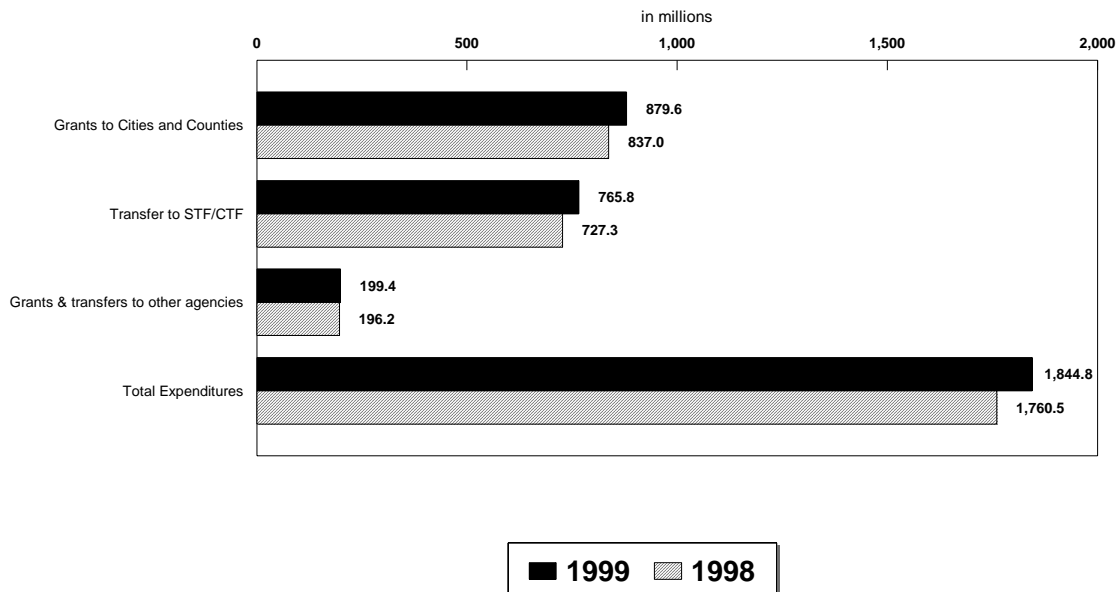
MICHIGAN TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998

REVENUES AND OTHER SOURCES

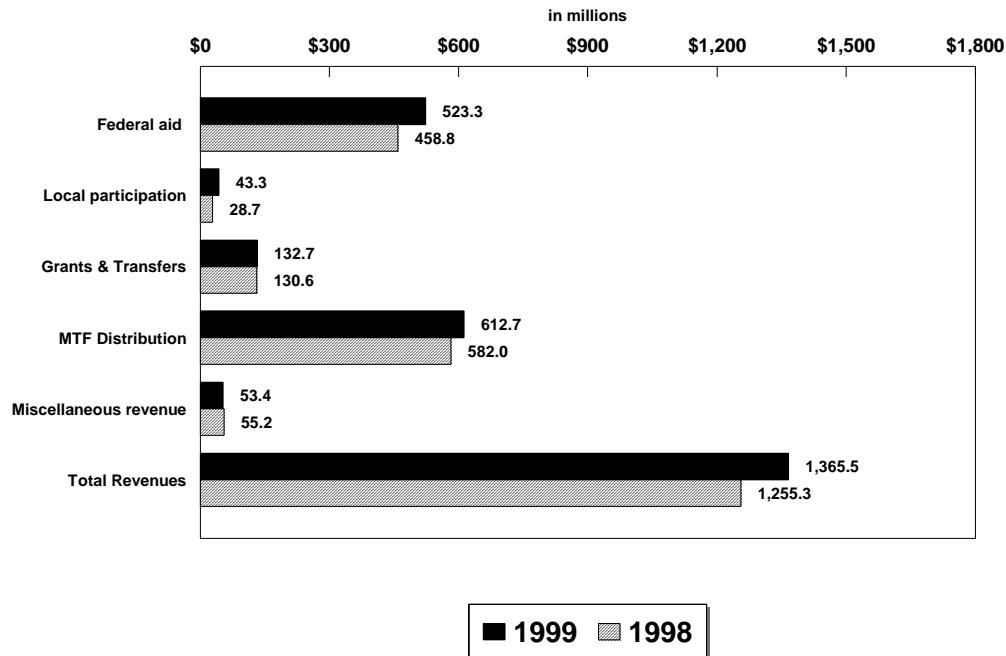


EXPENDITURES AND OTHER USES

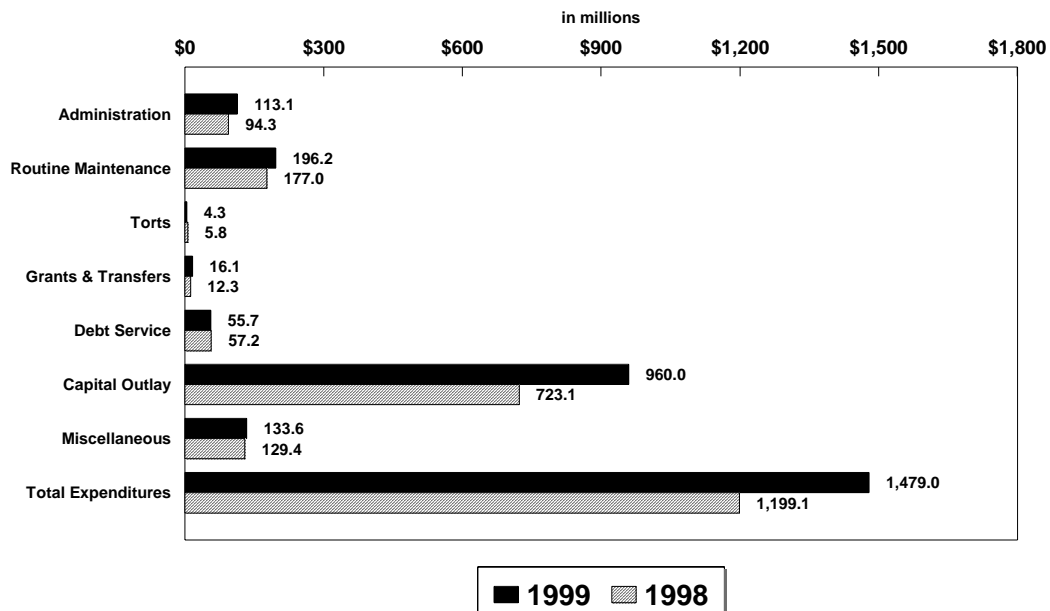


MICHIGAN DEPARTMENT OF TRANSPORTATION
STATE TRUNKLINE FUND GRAPHICS
Includes Economic Development Fund
FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998

REVENUES AND OTHER SOURCES



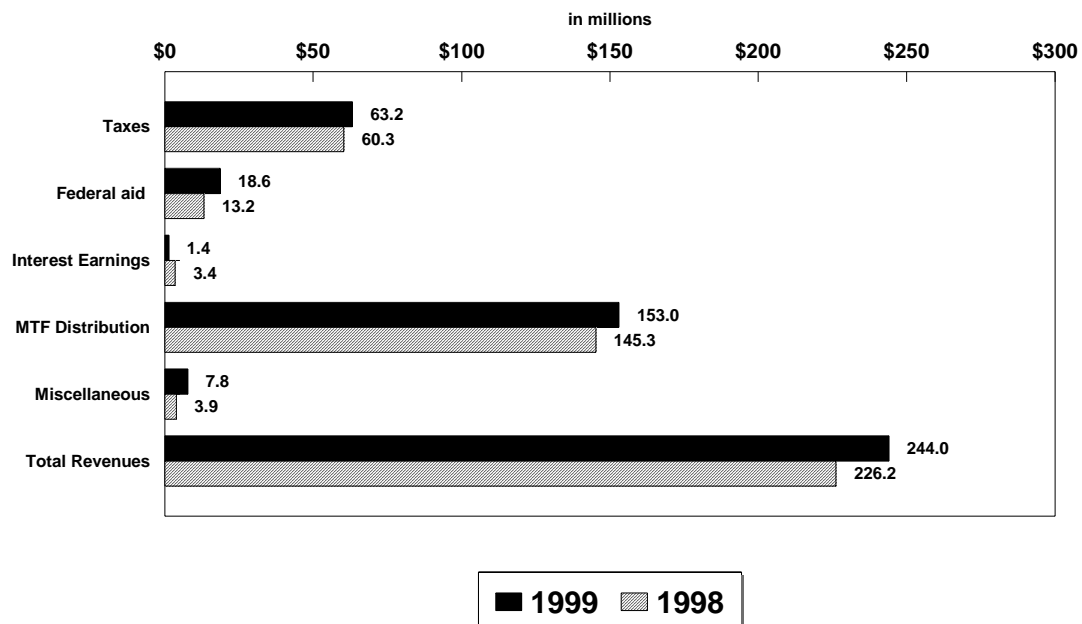
EXPENDITURES AND OTHER USES



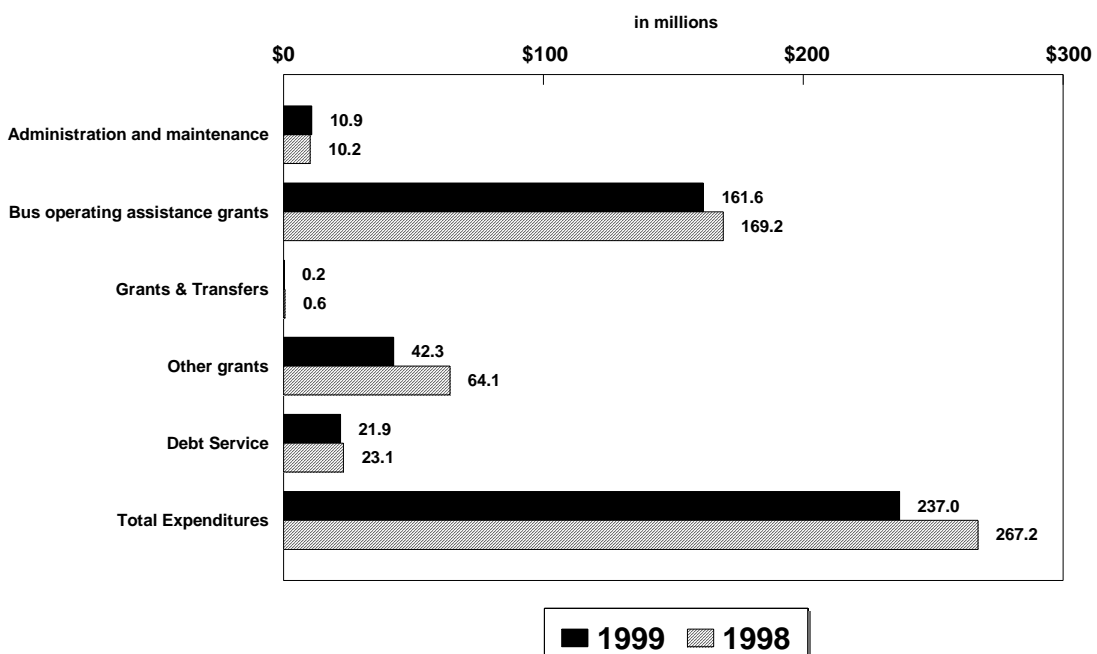
MICHIGAN DEPARTMENT OF TRANSPORTATION COMPREHENSIVE TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998

REVENUES AND OTHER SOURCES

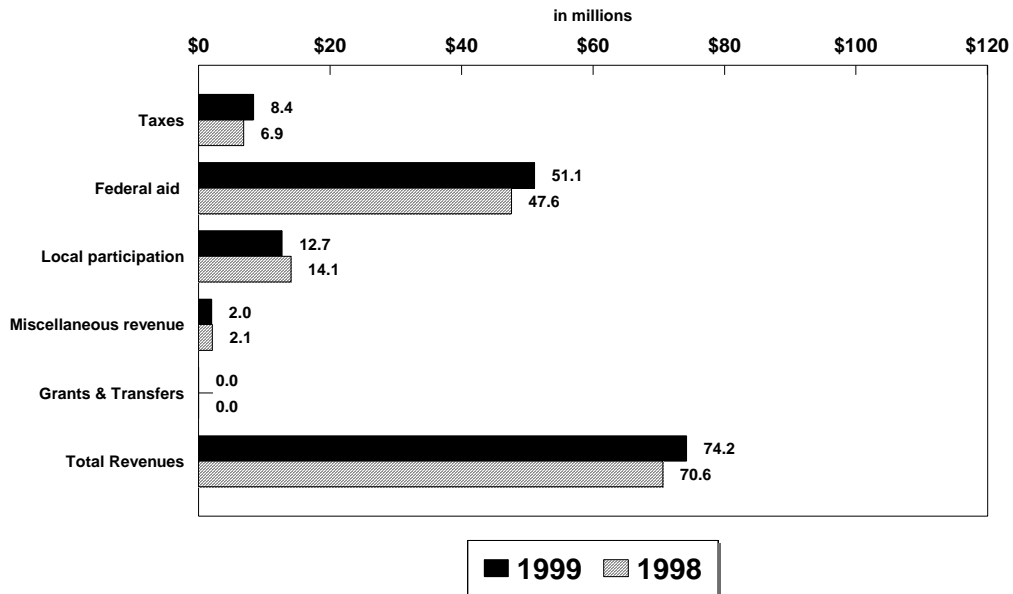


EXPENDITURES AND OTHER USES

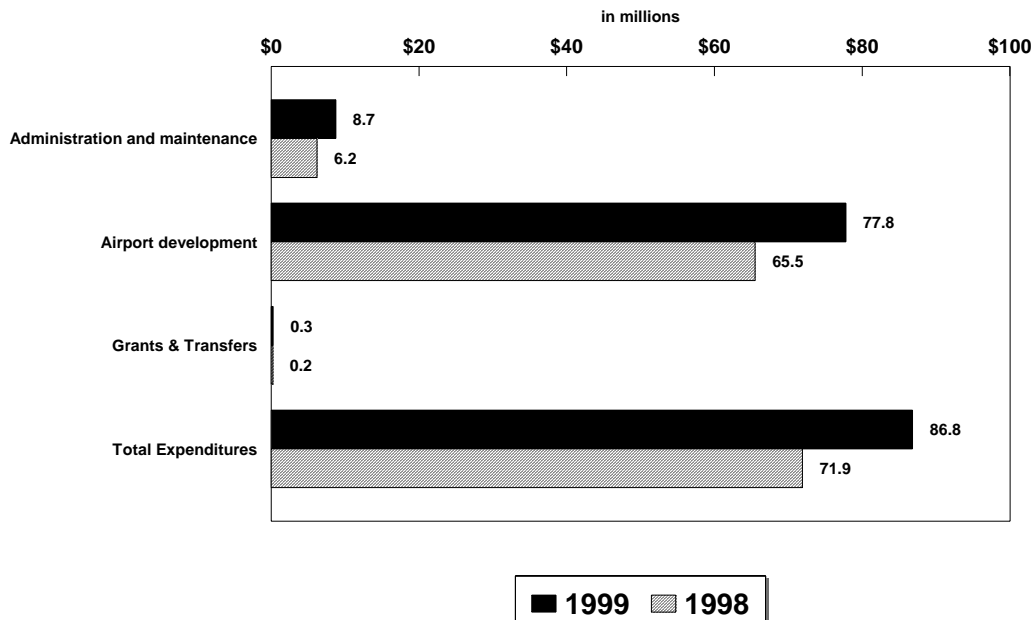


MICHIGAN DEPARTMENT OF TRANSPORTATION
STATE AERONAUTICS FUND GRAPHICS
 FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998

REVENUES AND OTHER SOURCES

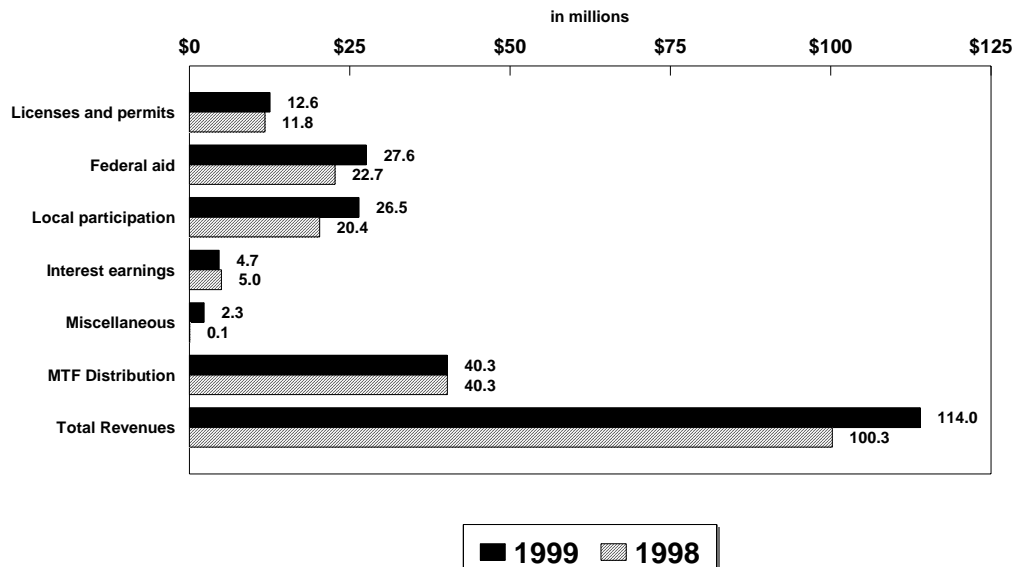


EXPENDITURES AND OTHER USES

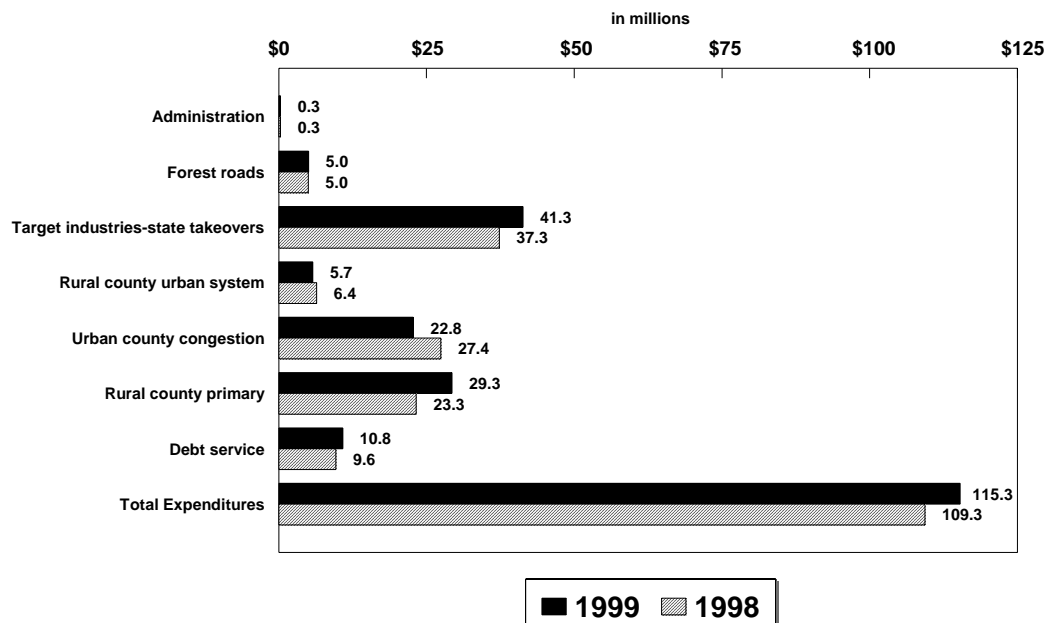


MICHIGAN DEPARTMENT OF TRANSPORTATION
ECONOMIC DEVELOPMENT FUND GRAPHICS
 FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998

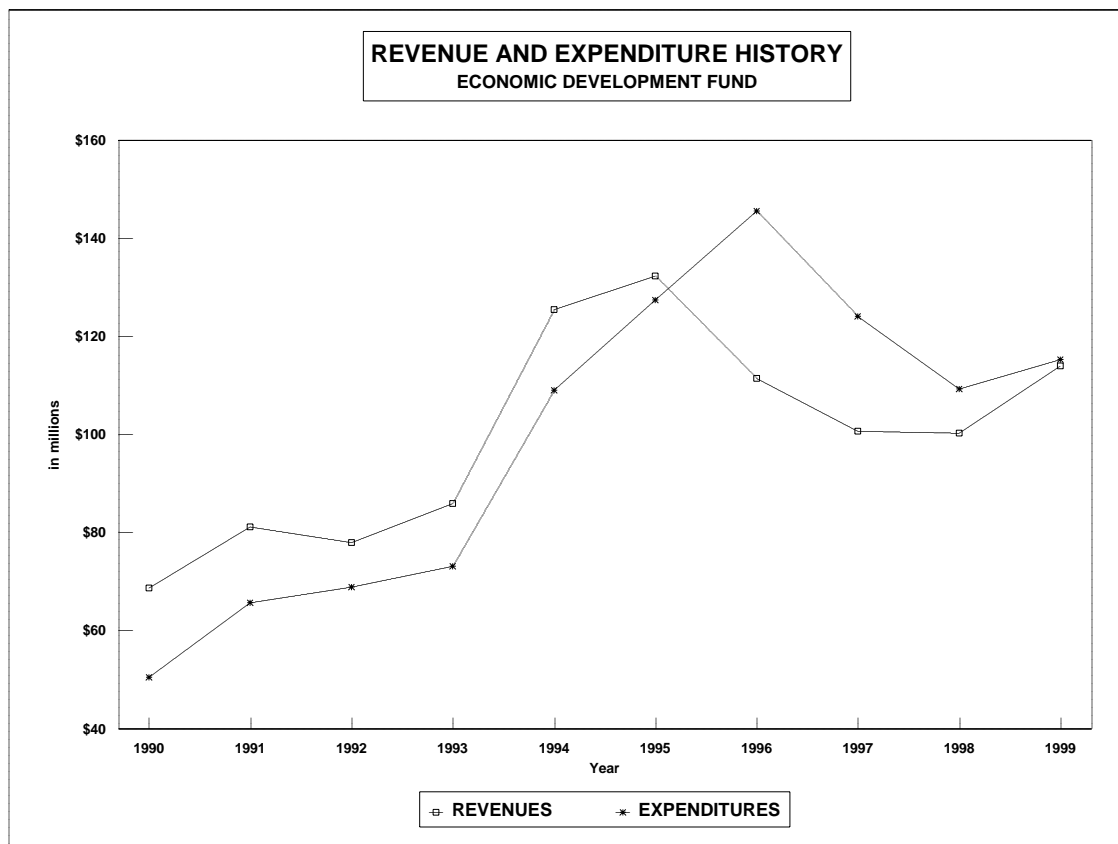
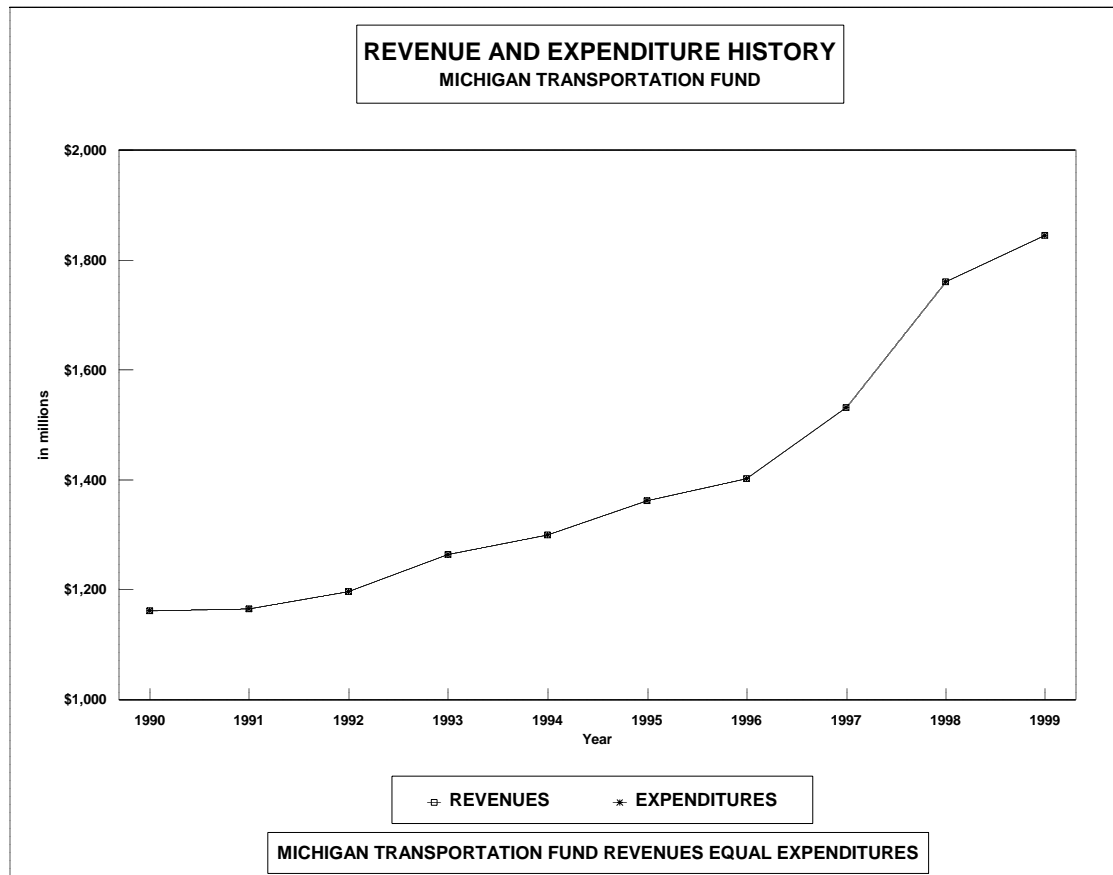
REVENUES AND OTHER SOURCES



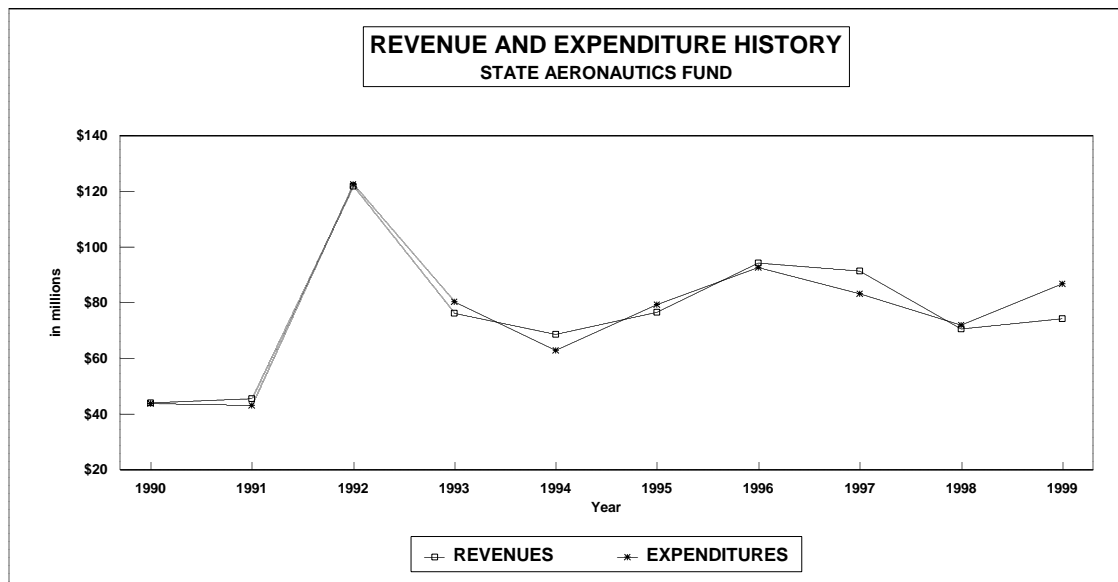
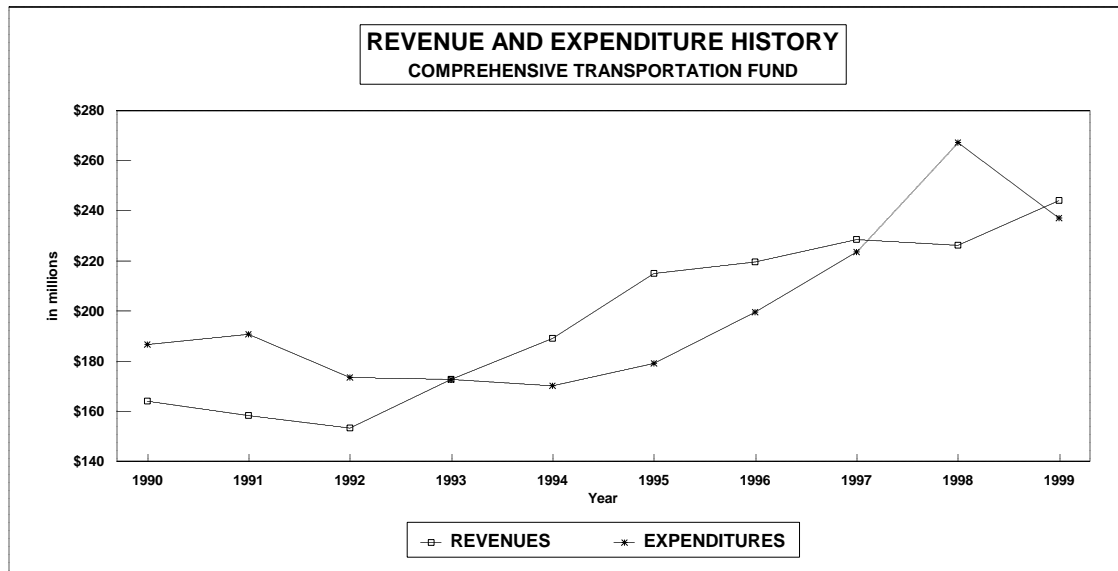
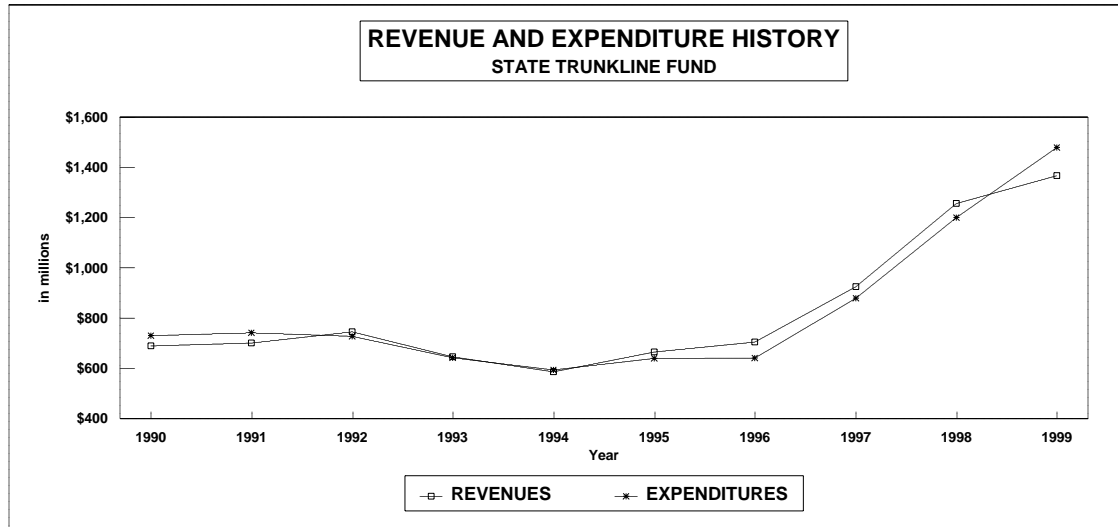
EXPENDITURES AND OTHER USES



MICHIGAN DEPARTMENT OF TRANSPORTATION
TEN YEAR REVENUE AND EXPENDITURE HISTORY
FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998



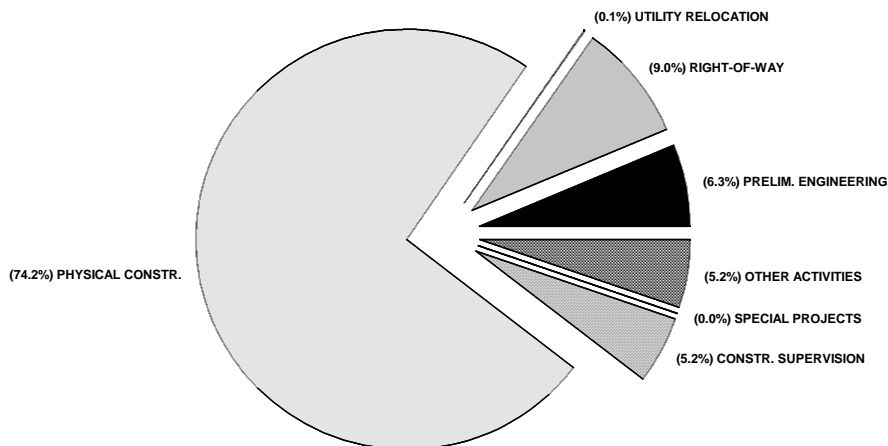
MICHIGAN DEPARTMENT OF TRANSPORTATION
TEN YEAR REVENUE AND EXPENDITURE HISTORY
 FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998



**MICHIGAN DEPARTMENT OF TRANSPORTATION
TOTAL TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY**

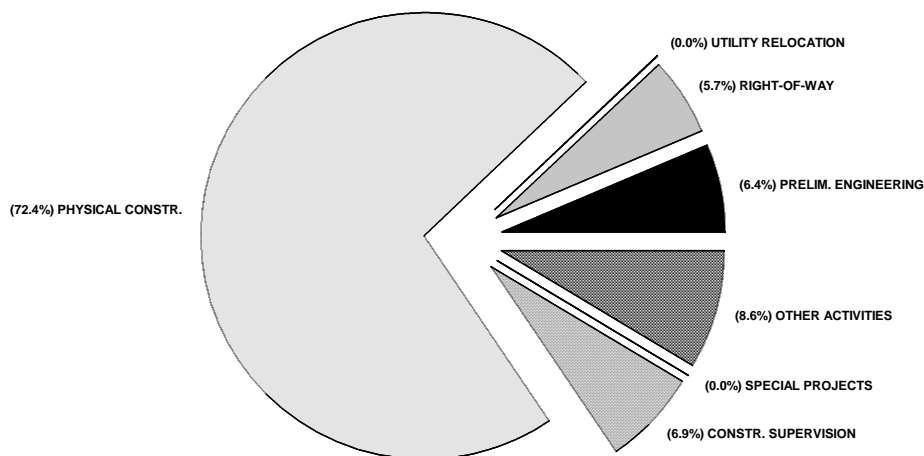
FISCAL YEARS ENDED SEPTEMBER 30, 1999 AND 1998

1999



FISCAL YEAR 1999 (In Thousands)	AMOUNT
PRELIM. ENGINEERING	\$77,949
RIGHT-OF-WAY	111,494
UTILITY RELOCATION	909
PHYSICAL CONSTR.	916,784
CONSTR. SUPERVISION	64,537
SPECIAL PROJECTS	11
OTHER ACTIVITIES	64,481
TOTAL	\$1,236,165

1998



FISCAL YEAR 1998 (In Thousands)	AMOUNT
PRELIM. ENGINEERING	\$64,447
RIGHT-OF-WAY	57,509
UTILITY RELOCATION	441
PHYSICAL CONSTR.	732,900
CONSTR. SUPERVISION	70,338
SPECIAL PROJECTS	5
OTHER ACTIVITIES	86,757
TOTAL	\$1,012,397